

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

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THURSDAY 25 JULY

VENUE:

15

(MMABATHO PALMS, MAHIKENG)

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Session 1

CHAIRPERSON: Morning everyone, welcome to the Competition Commission's Public Hearings on the Public Passenger Transport Market Inquiry.

My name is Bukhosibakhe Majenge. I am the Chief Legal Counsel at the
5 Competition Commission, and I will also be chairing the panel. I am joined by
2 panel members. On my left, I am joined by MS Nompucuko Nontombana who
is the Divisional Manager of the Market Conduct Division at the Competition
Commission and on my left, I have MR Thulani Mandiriza who is also from the
Competition Commission who is joining the panel in his capacity as the head of
10 the inquiry's technical team and on my extreme left, on the floor, we have
Mr Itumeleng Lesofe and Mr Jabulani Ngobeni who are both from the
Commission. They will be acting as evidence leaders during this hearing. Both
of them are lawyers who are based at the Commission.

Before we commence with today's session, I would just like to recap the rules of
15 procedure that will be applicable to the inquiry. The 1st 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 on the grounds related to
confidentiality or for any other reason deemed justifiable in terms of Competition
Act.

20 Thirdly, in order to allow for the proper ventilation of issues, the Chairperson will
not permit any person neither, personally nor through a legal representative to
question any witnesses or any person making oral submissions during this
public hearings. In the event that any stakeholder has a comment or a question
in respect of any submission made during these proceedings, that stakeholder

must submit such an objection, comment or question to the Inquiry in writing and such an objection, comment or question will be attended by the inquiry team as soon as possible at an appropriate time.

5 Ordinarily we allow one representative to make a presentation, but where arrangements have been made with us in advance. We do allow multiple representatives to address different issues or topics.

The following protocols are applicable to any stakeholder making submission to this inquiry. When necessary a stakeholder may claim confidentiality where any aspect of the presentation contains confidential information. The following
10 protocols are applicable to any stakeholder making submission to this inquiry. When necessary a stakeholder may claim confidentiality where any aspect of the presentation contains confidential information.

Stakeholders should also note that in terms of section 72 of the Competition Act failure to answer fully or truthfully any question posed is an offence in terms of
15 the Competition Act and in terms of section 73 of the Competition Act it is also an offence to fail to comply with the Competition Act.

Lastly stakeholders should also note that, to the extent that the commission requires further information or documentation the Commission may issue summons to obtain such information or documentation.

20 In conclusion I wish once again to welcome everyone to this hearings here in North West and I hope that over the next two days that we will be in this province we will have a meaningful and robust engagements about issues in the land passed public passenger transport industry in sofar as it affects this province. We will start today's hearing with a presentation or submission from

the Provincial Department of Transport in North West. Welcome gentlemen and thanks a lot for coming. Are you now ready to make your submission or presentation or do you need a few minutes. I you could switch on the mike if you are ready.

5 **MR. BAIKGAKI:** Ja the presentation is ready.

CHAIRPERSON: Alright thank you. There should be a piece of paper in front of you. Do you take the oath or the affirmation? Please switch on the mike as you do so.

MR. BAIKGAKI: Chairperson they are still downloading into their PC there, the
10 presentation. So, I think it will take two minutes then we can start.

CHAIRPERSON: Alright. I think you can proceed perhaps with the oath or the affirmation.

MR. BAIKGAKI: Thank you. Good morning colleagues. I Olebogeng Ambrocious Baikgaki swear the evidence that I shall give. Shall be the truth, the
15 whole truth and nothing but the truth. So help me God.

CHAIRPERSON: Thank you. Your colleague may also take the oath or the affirmation. If you may please switch on the mike as you do so.

MR GASENGAKE: Good morning, colleagues. I Rame Jeremiah Gasengake swear the evidence that I shall give shall be the truth, the whole truth and
20 nothing but the truth. So help me God.

CHAIRPERSON: Thank you Mr Gasengake. Before you proceed with the presentation. If we could just start with a just a very brief introduction of your role within the department and how long you have you held your current roles.

Then afterwards you may then take us to the presentation. Once you are done with your presentation. We will I then pose questions at you.

MR GASENGAKE: Thank you, Chairperson. Like I just made mention to say my name is Rame Jeremiah Gasengake. I have been with the Department from
5 2009 to date as a Senior Administration officer within the Chief Directorate of Transport Operation, The Directorate of Transport Planning and Policy Development under the sub of Transport, Logistics and Corridor Development.

So, basically what our Directorate is doing - is doing the Provincial Policies, Strategies and Drafts on transport within the whole province of North West. So,
10 my activities or daily duties as a Senior Administration Officer is to ensure implementation of the Freight Logistics Strategy within the province.
...[indistinct] Thank you.

CHAIRPERSON: Yes. Thank you.

MR. BAIKGAKI: Okay, my name is Olebogeng, as already indicated, Director
15 responsible for Transport Planning and Policy Development in the province. I have been in the Provincial Government from 2013, December, as the Airport Manager for Mafikeng and also acting Director for both airports and then last year I started to be the Director of Transport Planning, from last year June. So, currently I am responsible for two Directorates, which is the one for Airports and
20 the one for Transport Planning. As indicated transport planning is about ensuring that there are transport plans, within the province that are also aligned to the National Transport Plans as well as the policies that also covers all modes of transport including the non- motorised transport. Thank you.

CHAIRPERSON: Thank you very much. You make take us through your presentation.

MR. GASENGAKE: Thank you Chairperson, for the record I must mention this to say my submission, to be honest, was on personal basis, because I saw this
5 advert on the Face Book. Then I had this interest. So, I have just realised now that when I come here I am no longer doing it, doing it for personal purposes, the Department is involved now, but none the less I have a blessing from my director because he is just next to me.

This is how my presentation is outlined or our presentation is outlined. Well this
10 introduction...[indistinct] analysis. Discussion points. According to my submission those are the points I have submitted.

- a) Licensing and transport planning;
- b) Misalignment or routes allocation;
- c) Transport planning;

15 and that will be the conclusion and recommendations, according to my submission. So, I did not want to deviate from what I have submitted. I just wanted to align that.

So the introduction, I have just said that it objectives to improve access to integrated public transport system and also to ensure compliant accessibility,
20 affordable safe and integrated transport system. Remember, we are saying as a country, not only the province, but we must try to work in a cinergy or in a well co-ordinated manner. So, our planning should be disintegrated, but rather must be integrated in its approach. Hence I have just said if the objective to improve

that integrated public transport system and remember we have this document that you are trying to shift its objective. That is the NDP, I have just picked up one point that says: ... [indistinct] off of the NDP states that settlement patterns should meet the needs and preference of citizens taking into account broader
5 social, environmental and economic interest. Travel distances need to be shorter. This means ensuring that a larger proportion of workers live closer to their workplace and that public transport is safe, reliable, affordable and energy efficient. In other words remember there is the saying that transport is the
10 far away from where people are staying or are living. So that when one needs to, maybe go to workplace, shopping and so forth it should not be a mountain to climb issue, but just be easing accessibility.

Next slide.

And make mention about the National Outcome 6 of the Medium Term Strategic
15 Frameworks ...[indistinct] there should be provision for an efficient competitive and responsive economic infrastructure network. Our network must also be user-friendly, just in a lighter note. The Department is therefore committed to contribute towards achieving the national vision through provision of suitable
20 modes of transport and able to link it to other regions. You know what we should not find ourselves to be struggling, maybe to access other provinces or other neighbouring countries. Our infrastructure must be in good conditions. Also, I have just made mention of CIPFO in terms of these strategic integrated projects or in strategic infrastructure project. That made mention to say
25 unlocking the economic opportunities in North West Province. They are those opportunities maybe that are not kept in... [indistinct]. Maybe we need to have a

more focus in our province. There are those opportunities that we can maybe unlock in future.

Thank you next slide.

So here it is a situation analysis of our Department for - from the
5 APP2018/2019. Like I just made mention in the previous slide to say there is
this National Development Plan that it is a key document in our country. We are
trying to achieve its objectives and goal. So, we just mention that by 2030 we
envisaged that public transport will be user-friendly, less environmentally
damaging, cheaper and integrated or seamless. This...[indistinct] to have a
10 significant expansion in the proportion of people who use public transport for
regular commutes, that is the NDP. A department which is the Department of
Community Safety and Transport Management, will continue to place emphasis
on total efficiency on all modes of transport to maximise allocated funds. In our
province most of transport must forced by different culture within integration is
15 fully achieved. The Department will also promote other modes that encourage
especially interaction, clean environment and unhindered movement of goods
and services. This influence NMTs such bicycles and animal drawn carts. In
other words all the modes of transport must be utilised to its full potentials and
seamlessly so. I want to assume that we understand when you say seamless in
20 other words when we use train, from train you go to bus, from bus maybe you
use a bicycle in that seamless manner. However the services are gradually
terrorising as a result of old busses and infrastructure. Everyone is affect
because even if you look in our roads, be it provincially or the municipal roads
some of them are – they are not in a good conditions. So, that is why the
25 statement that they have been there for some time. Due to slow economic

growth, the cost of public transport have been adversely affected like all other sectors – that is making the department to spend more money for less service based on inflationary pressures e.g. escalation of costs, diesel and spare parts for busses have drastically increased. I did not just make mention of petrol, 5 because it is increasing like nobody's business every now and then it is an increasing. So, it is somehow hindering our maybe making the department to spend less on services that are actually a service deliver. Challenges would be, with regard to the engagements of all stakeholders to ensure that there is integrated transport planning within municipalities. It is an impediment to 10 economic growth more ... [indistinct] and accessibility of people, goods and services. However there is a provincial transport forum where all stakeholders engaged and fully participating.

Let me just try to elaborate on this one of challenges. Currently in our province. If I have to zoom in North West in particular. We are still trying our best to 15 capacitate municipalities to ensure there is warm bodies which will perform the transport related issues at that level, but we are still getting ...[indistinct] we are not yet there but we are trying our utmost best. Remember there is this what you call an integrated transport plan that is supposed to be conducted or done at the municipal level, but due to this lack of skills and capacity we are unable to 20 perform then at that level, but currently I have been at the provincial level. That is why it is that statement. Then the other thing of transport planning forum. That is where all the stakeholders are coming onboard to discuss transport related issues. Starting from the municipal level, provincial – remember we have the National Transport Forum; this one is for Provincial Transport Forum.

25 Next slide please.

The useful structure still remains old and dilapidated, especially in small towns and *dorpiés* or is none existent in some areas. There are about 76 formal taxi and bus facilities in the province which contribute to the local economy of various villages, townships and small *dorpiés*. The... [indistinct] administration
5 had five concretes in our province. So, one of them I have just made mention of it. They call it VTSD that is Villages, Townships and Small *Dorpiés* in our province. Remember our province is a, should I say, is regarded or it is rural on its nature. That is why we are making mention of villages and township and small *dorpiés*. These facilities are mostly in a poor state and require
10 renovations. Some are not capable to carry the capacity of the vehicles and thus lead to conflict amongst taxi associations. Two weeks back, if I am not mistaken or three weeks. There was this conflict somewhere in Brits. There were people who were fighting amongst others, especially the taxi association One or two people died in the process. So, you see you are still having that
15 challenges in our province. This leads to escalation of conflicts between the different operators thus causing the disruption of services.

Next slide please.

Now we are going to licensing and transport planning misalignment. There is some form of misalignment between licensing and transport planning. Thus
20 issuing of operating licenses must be informed by the transport planning through ITP development. What that statement says, it simply means: if you... [indistinct] operating license should not happen for the sake of happening it must be informed by integrated transport planning document. That is developed through the maybe municipal, but like I said earlier on to say it is currently being
25 done at a provincial level for now, because lack of skills and capacity at

municipal level. So that we must be able to balance the demand the supply, because if we are going to issue operating license haphazardly. It is creating problem, then it is why we find this taxis and taxi association fighting amongst each other for the roads and the reason too much supply with a lesser demand.

- 5 The next bullet talks about the inconsistencies between transport and land use planning practice. This simply means where there is a land development automatically there must be a consideration of transportation, because when there is a new settlement that is being actually erupted or erected, there has to be a transport movement there. People must move from one place to the other.
- 10 So that is why it is very important when there is a land development. Transport must always – always - it is a must – always be considered.

The other thing is disjointedness in land use and transport planning is receiving but moving at a snail pace. Implementation of ITPs. ITPs by the municipalities is of paramount importance I have just indicated that IDP, I think we are all

15 familiar with that that is the Integrated Development Plan that is developed at a local level or the municipalities. Some they call it, it is the Bible of municipalities. Some they call it a futuristic document for the municipality. So that ITP is being a part of the IDP. Rapid increase in demand for motorised travel. Therefore roads in urban areas have become bottlenecks due to congestion. We can attest to

20 the fact that most of us now since where we are employed. We buy so many cars as a result less of public transport and we utilise this private cars that create congestion.

Inadequate skills and capacity to deliver a project at municipal level. Repeat. Fragmented and un-coordinated institutional structures with which results to

consistent and be able to transport data to support planning. Insufficient funding in transport infrastructure that create a huge backlog because some of the projects are not being implemented. There is this planning phase we keep on planning but because of lack or insufficient funding sometimes we implement
5 this project.

Next slide.

Then this one is for routes allocation. An integrated transport system that is consistent with the real needs of people, living in different parts of South Africa, straight. A much improved sustainable public transport system that where
10 appropriate reduce the need to travel by motor vehicles use public transport instead.

Deficiencies in the public transport system, in the North West Province, and measures to address them, Initiatives to promote public transport over private transport and also create a conducive environment for special needs.

15 Public transport. Status of dispensing and dealing with operating license. Model integration and Corridor Development strategies. It is actually repeating what I have just mentioned earlier on. The rationalisation of subsidised public transport, including financial and economic support to public transport and a summary of public transport strategies from municipal integrated transport
20 plans, the ITPs. Greater mobility options particularly for those who do not own a car. Safer and easier cycling and walking, better infrastructure links and interchange with other means of transport. The issue of people moving from one place to the other. Improved journey time reliability on all modes. Different travel patterns and transport usage.

Transport Planning: Meets the need of the present generation without compromising the ability of the future generation to meet their transport needs.

In other words when we plan for the transport we should not compromise the ability for future generations to meet their transport needs, even we do it today,

5 but we must be futuristic meets the basic access and development needs of the individuals, companies and society. We must make it our public to be affordable, operates fairly and efficiently, offer a choice of transport mode, there should not be a captive user, but you must have a various choice and supports a competitive economy as well as balance regional development.

10 Transport that is reliable, predictable and safe for all users, limits, emissions and waste within the planet's ability to absorb them and uses renewable resources at or below their rates of generation.

Ja, in conclusion. Transport infrastructure and operations form an integral part of land use planning and are designed, planned and managed in an integrated

15 manner to prioritise densification, promote public transport over private transport, improve local accessibility and lower the carbon impact.

Land use and transport planning should be consistent with the CIP7 Program ensuring that transport planning and its proponents as executors becomes a

20 key contributor and consideration within the broader planning and development environment at all tiers of government. In South Africa, the transport sector is the second largest contributor after the energy sector to the carbon emissions.

Action to reduce the transport related carbon emission profile also supported the urban development needs, namely promoting public transport over private car usage. Decongesting roads through travel demand measures, shifting a

greater proportion of the freight on to rail. Better special planning to limits...
[indistinct] and investing in sustainable modes of transport such as ...[indistinct].

Just three points that I made mention of ...[indistinct] intervention for transport
and development; address the critical issue of institutional capacity and funding
5 constraints; assess lessons of implementation so far in the seeking improved
efficiencies in an IPT and implementations. That is integrated public transport
networks. That was the slide, last slide and thank you.

CHAIRPERSON: Thank you very much Mr Gasengake for your presentation.
From your Director any points of emphasis. Any points that you wish to amplify?

10 **MR. BAIKGAKI:** Thank you. There is a lot to be said but I think I will be
directed by questions. So that I do not just cut across everything.

CHAIRPERSON: Alright. Thank you, just before we move into questions from
evidence leaders. I just want to clarify – just two issues. The first one is the
market share of the different modes of transport within the province. If you
15 could just give us a very rough – just a rough indication as to what the market
share picture is in terms of the different modes within - within the province. That
is minibus taxi, busses, rail if you have got rail within the province. That is just
the first issue. Maybe if you could just clarify before we move to the next one.

MR. GASENGAKE: Thank you Chairperson. I am tempted to say the taxis and
20 the busses in our province had taken upper hand in terms of the market share.
Rail is there, but only in – predominantly in the N12 Corridor, from
Johannesburg to Cape Town. So, I cannot say it is... [indistinct]. It have that
pivotal role that it plays within our province or a market share, but like I said
the taxis and the busses have an upper hand in our province ...[intervenes]

CHAIRPERSON: And what ...

MR. GASENGAKE: Aviation it was there for now I am not sure, but the Director will make a further clarity on that one. It was also getting a momentum in our province from here to Johannesburg.

5 **CHAIRPERSON:** In terms of what is the split very roughly then between busses and minibus taxis. Roughly in terms of percentages. Which one would you say carries the majority of commuters?

MR. BAIKGAKI: Thank you Chair. Just like in any other province the taxi industry is dominating the market over 60% of the workforce is using taxis and
10 then to a certain extent the bus industry is still subsidised by the provincial government in each district there is certain a bus operator – like if you go to Veginela District has got Veginela Bus and... [indistinct] Thari is also transporting between Gauteng and the North West Province, also subsidised by the province. We also have in Ngaka Modiri Molema [?] we have Atamelang it
15 is also operating and subsidised and then in Dr Ruth we have Phumatra that is also operating there and is subsidised. Unfortunately in Dr KK we do not have subsidised public transport there it is dominated by a taxi industry, using the busses, 22 seater busses and the minibus taxi and the 4 plus 1 cabs.

Then with regard to... [indistinct] it is unfortunate that we used to have a line
20 between Johannesburg up to Kimberley through Mafikeng and Taung which is no longer there and unfortunately the mandate of rail transport services still lies with PRASA and Transnet and with us we can only try to motivate. We tried to resuscitate that rail transport services – passenger rail transport services but unfortunately we lost touch with other stakeholders – key stakeholders such as

PRASA. Recently tried again to go back to them to say we really need the service because there was a pilot project that shows that there is a still demand for the services. Currently the administrator which is the National Department of Transport indicated to us that is really not our mandate it is the mandate of the
5 National Department of Transport and they will try to talk to PRASA on that and the reintroduction of that.

Then we also have two airports. Two main airports which is Pilanesberg and Mafikeng. Where Pilanesberg is currently the airport of entry serving the international license, but with the - recently we had – O, previously we had
10 ACSA that was operating Pilanesberg, but unfortunately they were making a profit of 1.3 Million annually. So, they could not proceed with that although it assists in terms of tourist attraction to Sun City and other areas around, but the operators are not generating much funds. The same goes to the Provincial Government and if you can recall the white paper on National on Airspace and
15 Aerodromes is clear to say that the Provincial Airports – Provincial Government and... [indistinct] shall not try to be in the space of operating the airports unless the socio economic reasons behind that and then hence we tried to privatize Pilanesberg in the past to ACSA but it would not work. At the moment we also advertised for someone to take over Mafikeng. We have appointed, actually the
20 investors there, but we have been there for three years. We do not see much of developments. We also reintroduce scheduled flights which were subsidised heavily by the Provincial Government from 2015 to date. Whereas expressed was contracted operate, the market was growing until recently when they were grounded due to safety reasons and since may, this year, the 24 May this year

they did not operate up to now. However we are having a meeting with them this afternoon at 12 to map the way forward.

We also have budget pressures as the Provincial Government, because to operate airports need a lot of money and more than what we can generate from landing and parking fees and again, I think we are disadvantaged by the fact that the landing and parking rates are controlled by the National – by the Provincial Treasury. We are told what to charge. So, as a result we cannot make money because we are a non-profit organisation. We cannot make profit as government, but ACSA is operating it becomes better, because they have their own rates and something that I always emphasise when it comes to airport operations is that when ACSA was formed in 1994. The reason behind was to ensure that we look at all the airports, ensure that all airports are operating and where some airports are not making enough profit they must be cross subsidised by other airports, but unfortunately – I think there is a lack of monitoring in terms of ACSA because now they started to become a pick a choose and choose where the market is lucrative. Where they can be able to make profit. So, I think if we can go back to ACSA to say what was the initial mandate of having ACSA as a subsidiary of the Department of Transport and then we can see either airports operating fully. *Ja*, thank you.

CHAIRPERSON: *Ja*, I must say that our or point out that our main focus in the inquiry is on the land based modes. Although I think it is useful to also understand how the land based modes interact with, for instance the air or with aviation. In terms of the subsidised busses – the subsidised bus operators that are contracted to the Department. How many do you have in total? You mentioned some, but in total. How many are they?

MR. BAIKGAKI: Do you mean the number of busses or number of...
[intervenenes]

CHAIRPERSON: The number of ...

MR. BAIKGAKI: Operators.

5 **CHAIRPERSON:** Operators work on that.

MR. BAIKGAKI: Okay, there are four operators. It is Thari. It is Veginela. It is Atamelang and Phumatra.

CHAIRPERSON: And these operators which areas do they service commuters who are travelling within towns and between towns?

10 **MR. BAIKGAKI:** Yes, it is both, within town and between towns.

CHAIRPERSON: Mr Lesofe.

MR. LESOFE: Thank you Chair. If perhaps we could explore the issue of the bus subsidy system further. You mentioned that there are four operators, right. If perhaps you could break it down for us, taking each operator at a time. If you
15 could indicate how many contracts does each operator hold and the areas that are serviced by that operator.

MR. BAIKGAKI: Thank you very much. It is unfortunate that that falls in the other directorate. So, I will not be able to give you the exact number of licenses that are issued, but Atamelang is only operating in Ngaka Motiri Molema
20 District.

MR. LESOFE: It is just to clarify. The question does not relate to licenses it relates to the contracts. If I understood it correctly. It relates to the contracts that

each of your four contracted operators have. How many subsidy contracts do they have?

MR. BAIKGAKI: Ja that is why I was thinking that you want to know exactly where they are operating. That is what I got from there, because for obvious
5 reasons if it is four operators the contracts will be four. So that is the current positions that for Phumatra there will be one contract for Phumatra with different routes in that contract. For Atamelang there will be one contract with different routes. So, the question I was trying to answer is the one of routes, to say which routes exactly are operated. So, the contract is only – there are only four
10 contracts. That is one per bus operator. So other services that they are providing like between Mafikeng and Johannesburg there is no contractor there. They just applied for operating license and operate between Gauteng and Mafikeng.

MR. LESOFE: And for how long have these contracts been in place?

15 **MR. BAIKGAKI:** The contracts are over 10 years now. Currently there was the move to start negotiating and starting the process. So the Provincial Government was at the forefront of insuring that those contracts are advertised. However the National Department of Transport requested that those contracts should be extended, that is from 2012 – No 2015 to now. They were extended
20 so that we can start negotiating, because the reason there should be negotiations is because they want to bring in other operators like the taxi industry into the bus industry to say: if you negotiate one of the measures that will happen is to say to this operators they must empower the taxi people. So,

that is why they are talking negotiation, because if you advertise a tender now where there is no room for negotiation it might be another element.

MR. LESOFE: As we understand the subsidy system was introduced in 1997 and in most of the provinces the contracts or rather the subsidy contracts were
5 awarded in 1997 to the same operators and the contracts themselves have evolved over time, but the main features of the contract remain unchanged; including the operators awarded the contracts. Is that the same situation in the North West?

MR. BAIKGAKI: Yes, it is true; remember that we are also receiving the
10 subsidy from the National Government for us to pay this people. So, they have the upper hand in terms of controlling how we contract this people. So, that is why even the subsidy is not growing at the same rate that other - like the subsidy is not growing at the same rate as other factor such as the petrol and other stuff. So, we still see ourself giving these people subsidy at lower rates.
15 Somehow not making enough profit. The reason why we – again we have the same operators now and then, is because when you try to advertise the people who are coming there they come with huge amounts compared to the current operators. So, that is why we must still negotiate because the money is not available to cater for the new contracts.

20 **MR. LESOFE**: What do you mean when you say they come with the – are you referring to there are potential bidders. Is that what you are referring to?

MR. BAIKGAKI: Yes, the potential bidders for instance you find that for Atamelang we are paying, let us say 12 Million per month, but if we try to do the market analysis and see how people will respond to that contracts. The bidders

will come four times the current prices and unfortunately the money is not there. That is why the Department of Transport came up with this strategy of negotiating the contracts now.

MR. LESOFE: Is that something that you have done or it is based on
5 assumptions that should be... [intervenes]

MR. BAIKGAKI: Is something that was done...

MR. LESOFE: Okay and when was it ...

MR. BAIKGAKI: By the ...

MR. LESOFE: Started.

10 **MR. BAIKGAKI:** ... [indistinct] that was done, but not at the provincial level. It was done in Mpumalanga. Then we – because it is possible that if there is a contract somewhere we can be able, just to check how it was crafted and how people responded and because that did not materialise we thought let us go back to DOT and inform them that the money that you are providing seems not
15 to be sufficient if you want to go out on tender. So, what is the new structure. So, that is when they said no, extend the contract while you are still trying to find or come up with new model of - coming up with new contracts.

MR. LESOFE: Okay Just to sum up this point. So, am I understanding you correctly to say the current operators were appointed or were awarded the
20 contracts since 1997.

MR. BAIKGAKI: True.

MR. LESOFE: Okay.

MR. BAIKGAKI: Ja.

MR. LESOFE: Alright and when do they – the contracts expire; for instance in other provinces their contracts are renewed on a month-to-month basis. In other provinces they are renewed annually and in other provinces they are for a
5 period of about three years. What is the position in North West?

MR. BAIKGAKI: The current contracts are coming to an end by end of this current financial year that is at March. Hence we have now appointed – what you call? The middle man who is going to negotiate the contract and also do the market analysis and see how best can we come up with new contracts.

10 **MR. LESOFE:** And you said the model that you want to adopt going forward is the model that would incorporate taxi operators. Is that correct?

MR. BAIKGAKI: Yes, that is correct.

MR. LESOFE: Okay.

MR. BAIKGAKI: Remember that as the nation you also have mandate to
15 ensure that we empower the taxi people. If you can recall well. When the issue of subsidy came in, the subsidy was not only about the bus transport; it was about all modes of transport. However the studies that were conducted then recommended that the taxi industry need to be regulated and empowered somehow. So that it can tap into bigger markets and having other way of
20 empowering them like come with the – coming up with the filling stations and other stuff. So, this one as well we are saying that they should be able to tap into the market. It also assists in terms of avoiding conflicts like during the economic recession there used to be conflicts between taxi industry and the bus industry in the areas or like Cashan in Rustenburg where they were saying now

we continue to see bus operating and we are not receiving enough money because we are not subsidised and they are subsidised and they operate with empty buses knowing that they will still get money and you cannot operate with empty taxis. Then there was this decision to say then do you make sure that
5 they all benefit from this subsidy?

MR. LESOFE: So in terms of your – I am trying to understand in terms of how this will be achieved. Do you - in terms of your plans how do you see taxi operators participating in the subsidy system; are you intending to allocate them a subsidy as well or they would be required to operate as auto run bus
10 operations?

MR. BAIKGAKI: It is very difficult, like I have indicated that there was a study conducted to say how do we best bring in the taxi industry? Because, you will recall that you still have huge conflicts among the taxi operators and associations. Even now there was an agreement that there are going to be
15 NTAs going abolished and we have one bigger taxi umbrella. But that did not fare well with others and they have now started fighting NTS has been resuscitated again. So, it is always a problem when we have to come up with the decisions to be taken with regard to the taxi industry. So, with this current contract; the transaction advisor has been appointed to ensure that that
20 transaction advisor start the process from the onset; start negotiation ensuring that everyone is involved, the taxi industry and the bus industry they are all brought into on room and then they negotiate as to how they wanted this contracts to be doen – to be conducted going forward. So that they can own up to the process. We do not see continued conflict. Again in Dr Kenneth Kaunda
25 District there is no bus subsidy there. Hence we also thought of bring in the taxi

people there, but we want them to also operate using bigger vehicles like the 22 seater busse, the 65 seater busses. So that is where they will be coming in. Again we have a subsidy ...[indistinct] called the NTI, the NorthWest Transport Investment, which is the company it is NorthWest Star Bus Company that is operating in Tshwane mostly. They are also coming back to their province so they will be working hand in glove with the taxi industry and see how they can be part of these bus subsidies.

MR. LESOFE: And is what you are talking about now. Is it not part of the BRT System?

10 **MR. BAIKGAKI:** No, the BRT System is only in Rustenburg, at the moment.

MR. LESOFE: O, okay.

MR. BAIKGAKI: But now we are talking about negotiating the existing bus contracts apart from the BRT. Like KK there is no BRT that is planned for KK, but we want to bring formal subsidised public transport in Dr KK.

15 **MR. LESOFE:** Thank you and how has been the reaction – what has been the reaction of the current beneficiaries? What are the current bus operators who benefit from the subsidy system’s reaction to these developments? I am sure – I would assume they are aware of what you are intending – are they aware of your intention. So, what has been their reaction?

20 **MR. BAIKGAKI:** Unfortunately they will have to accept that they have been in the market for a very long time. It is not fair competition to others. If you are going to only cheap them. They cannot have lifetime contracts – that they must know and some of them they know that one of the reasons why they were kept for long time was that they supposed to have empowered the employees and

that thing did not go well even at that level. So, they will just have to accept where we are going. Some of the things I am not in the position to can say, because they are very political. So like if you assess the origin of Thari Bus, for instance and who is owning Thari Bus. Ja, it is something that they will have to understand.

MR. LESOFE: I must say your approach is, I think, quite different or unique and my next question will be do you have – does the National Government support you? I am sure the National Government is aware of your plans and does it support you? Do you have a buy in from National Government?

10 **MR. BAIKGAKI:** The National Government does guideline on how to negotiate the contract. How to do the contract. So, we are following on the guidelines that are developed by the National Government. So, we just have to choose the best option for the province based on the guidelines that are provided by the National Government. Again there are – there is a committee that deals with all
15 this subsidised busses across different provinces. That is co-ordinated by the National Department of Transport.

MR. LESOFE: Okay and when is this whole process likely to be completed?

MR. BAIKGAKI: We are supposed to be having a document called the IPTN, the Integrated Public Transport Network that shows the need analysis where it
20 is supposed to - where we are supposed to bring how many busses and all those stuff and we are supposed to have the ITPs that are already in place now and be implemented. They were implementable. Unfortunately we are lacking behind in terms of that. One; we did in the past appoint people or consultants to do the ITP-ing for us and those people somehow failed to perform. Then we re-

advertised the IPTNs. Although in some areas like Bojanala we are about to complete that and Dr KK. But in Dr Ruth and Ngaka Motiri Molema we are still going to re-advertise by next week. I think they will be advertised, because they must inform us - our decision going forward before we can even start negotiating. Those documents must be in place. So, I think that is where we are lacking. So, the sooner we are done with the IPT. The better we can start with the process and run with the process and complete, but in the ...[indistinct] we have appointed the transaction advisor so that he can start doing his own plans to say this the stake holders that I want to deal with going forward and how this is going to unfold. So, it is unfortunate that our intention was to complete the process by latest February next year, but here is a possibility of going beyond that, in other areas.

MR. LESOFE: Now, if we could maybe use the BRT System, that model as an example. So with BRT, as we understand, taxi operators are required to organise themselves into VOCs, Vehicle Operating Companies. In other words they are expected to form those companies and they are then assisted in terms of procuring busses – essentially the, you know, converted into bus operators. So with you assisting for the subsidy contracts, are you likely to follow the same model, especially in areas where you now want them to start using busses/

MR. BAIKGAKI: Yes, they will be expected to have companies, to have what you call the co-operatives where there will be certain forming a ...[indistinct] where they will have a company that they are going to run. So that it become easy for them to receive funding. It has already been done with regard to the scholar transport where most of them they have tapped into the market and start operating as bus operators.

MR. LESOFE: I asked you about how the bus industry has received this information. On the taxi side. How has been the industry's reaction. What has been the industry's reaction to these developments?

MR. BAIKGAKI: There is mixed reaction there. Some are feeling that this
5 process will kill their business. Some see it as an opportunity for them to grow
and have big companies. So, that is the reaction. There is a mixed reaction
there. Some, they do not see it - some think that their bosses will still take a
bigger chunk of the market and some will still be disadvantaged. So, that is why
when you made – in your statement you they must be organised. So, that
10 organisation part that is still something that is lacking at the taxi industry level.
Because when you present to them opportunity to them – they do not -
sometimes they do not see that as an opportunity they see that as a
disadvantage to them.

MR. LESOFE: Okay and if we could go back to the current system. So, how
15 does the Provincial Government monitor compliance monitor compliance with
the terms of the current contracts including things such as adherence to
schedule by the current operators?

MR. BAIKGAKI: Thank you. Per a district there is a monitoring firm that is
appointed to ensure that there is proper monitoring and reports. Apart from that
20 there is a section within our department that also deal with these busses and
they also do their own monitoring. So, before they can submit the invoice it
goes to this monitoring firm and there is a meeting where monitoring firm, the
operator and the department come into one room and then they discuss

operations and then there are penalty clauses attached. If you fail to operate a certain fee that must be deducted from your – your invoice can be processed.

MR. LESOFE: Okay. Now, in other provinces one of the concerns that have been raised is that the current contracts do not fully respond to the needs of
5 commuters largely because they are based – essentially are out dated. The schedule it is outdated and there are certain areas, for instance that are not covered by the schedule which bus operators do not cover and those who do cover those areas do so on an unsubsidised basis. Could you comment on that specifically with reference to the situation in North West.

10 **MR. BAIKGAKI:** Yes, indeed the same applies to our contracts. There are certain areas where these bus operators just rely on the fares that they receive from commuters, but at the same time we also do market analysis. Now and then we go back to review our market to see if we are still viable and where we are subsidising empty buses rationalise and then close those routes to say no,
15 here we will allow the taxi industry to continue and then take out the busse and maybe take it where there is a high demand. So, now and then we are still receiving people go; communities coming to say we need bus in this area and we also amend the contract to include that. So, the contract allows for rationalisation whereby where there is less demand to be able to take out the
20 bus and then put it where there is a high demand.

MR. LESOFE: I am not sure if you are in a position to give examples of instances where you applied the rationalisation principles. In other words where you for instance stopped bus operations and moved those operations to other areas in response to request from commuters.

MR. BAIKGAKI: I do, with Atamelang, for instance in Lichtenburg we operated empty busses there ...[indistinct] operated ...[indistinct] busses there then instead we told them to introduce busses in areas such as Leborung[?] that is in the deep rural areas there because people in Lichtenburg were not using buses
5 but were using – mostly using the taxis. So, that is kind of rationalisation that took place. Again in – during that recession period we went to Bojanala ...[indistinct] and we agreed that they should reduce the buses to allow the taxis also to tap into the market if they were operating with 13 busses maybe we will say: no, we are going to reduce two buses or three busses. Then we
10 know that if they take three busses out there will be six taxis that are maybe coming or four taxis that are coming in. So, it happened and it also – because you know sometimes when they are receiving subsidy the problem is that they will always operate, even if they are carrying three people in the 65 seater busses,, because they know they will be subsidised because the problem is that
15 they are subsidised per kilo, not per passenger. So, whether it empty, they will still get subsidy. So, that is the kind of rationalisation that took place.

MR. LESOFE: Thank you and have you received any complaints or concerns from commuters regarding issues such as the quality of services provided by the operators, issues of safety and the likes.

20 **MR. BAIKGAKI:** Yes, but it is very rare, but we have the, what you call? The organisations that address commuter needs. So, they will always have representatives who will at all times ensure that they take those issues. The start by going to the operator to say we are having a problem here. Can you address it. So, if they are not receiving joy there that is when they come to the

department, but it is rare for them to come to the department their issues are addressed before they even come to the department.

MR. LESOFE: What kind of issues do they generally raise?

MR. BAIKGAKI: Ja the issues mostly will be the late coming. Mostly it is late
5 coming to say the bus came late or sometimes the bus did not pitch. In Taung
that where we used to experience a situation where the bus did not pitch,
because I think in – Phumatra was using very old busses and they were always
having mechanical breakdown and that is something that we are trying to
address at the moment. We are likely to get a new operator there because they
10 are facing liquidation, as we speak.

MR. LESOFE: When you say a new operator are you referring to one of the
three operators?

MR. BAIKGAKI: Remember that in that district we only have Phumatra. So,
Phumatra is - it is having financial challenges. So, they might get out of the
15 market. So, we are still negotiating with them to see if we are able to assist
them or we can bring a new operator there.

MR. LESOFE: In the event you are unable to assist them. How are you going
to bring this new operator, are you going to issue a tender or you – how is it
going to happen?

20 **MR. BAIKGAKI**: Yes, it should be in the open tender, but before they came
there we use to have Atamelang Bus also operating in that area, but we said:
no, Atamelang lets us give market to new entrants move to one district. So that
we can have competition. So, hence that is how that tender was advertised and
amongst this tenders that I was talking about, the old ones. That is the one that

was actually recently advertised. Others were renegotiated, because these are the people who have been in the - industry for a very long time. So and they had longer contract than this one of Phumatra. Phumatra I think it was advertised, but is also very - advertised 8 years back. So, we might also go
5 back to re-advertising or to advertise that tender again.

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

CHAIRPERSON: Thank you. Mr Lesofe. Just a follow-up Mr Baikgaki, on the subsidised bus contract. We have also received submissions from other provinces which tend to assert that the current contracts because they are not -
10 the current contracts are – have not gone out on tender for some time. Actually serve as a barrier to entry for smaller bus operators who like to enter the market for subsidised commuter bus services. Do you have similar concerns in the province? Do you have a ...[indistinct] of smaller bus operator who are unable to enter this market for subsidised commuter bus services, because of the
15 impact of the current contracts and the fact that the current contracts are not – have not gone out of tender for – for considerable period of time.

MR. BAIKGAKI: Thank you. Well I know of the people who are working for those companies. Some of them they are always saying, especially those who are in unions to say: when are you giving this business to other people? We are
20 not treated well, because this people know that they are protected. They have been there. You cannot do anything. You cannot touch them. So, you want new people that we can be able to negotiate the new terms and conditions. Remember that an employee when he is working for a company will want some shares in that company to say how does the employees benefit going forward.

So they want those things to be kept shut in the contract. So that is why they were talking about the new contract. Not necessarily saying they want new people, but they want the contract to be somehow amended. In other areas there are bus operators, especially in Dr KK where they are saying: we also
5 want to be subsidised. We are operating there and we are just relying on the fares that we are getting from commuters, but we want a subsidy as well. So that is why we have decided to start with Dr KK to ensure that there is subsidised busses service there.

CHAIRPERSON: *Ja* assuming that the current contract, at some point, were to
10 go out on tender. Is it possible to – within the context of the routes – the subsidised routes, in this province. Is it possible to break down the contract - the current contracts into smaller routes, because I understood you to be saying that for each of this four bus operators you have got one contracts – one contract for multiple – for multiple subsidised routes. Is it possible, in that
15 scenario, to breakdown the contract into smaller routes which could be serviced by more than – more than one bus operator within the context of the specific roads in this province.

MR. BAIKGAKI: Yes of course if you want to have competition that should be the way to go, because somehow the contracts that currently exist got a clause
20 that says that the current operators must empower small bus operators, but this operators sometimes complain that they are given part of the market where is not much that you can make. Where you – remember if – even if you are getting a subsidy per kilo. If you are having more numbers where you will be able to get cash from the operators. You are able to sustain in the market than where you
25 just operate and relying solely on the subsidy. So, there was such concern from

the small bus operators that were empowered by these companies. So – *ja* that is likely to happen.

CHAIRPERSON: Very roughly. Do you know the current levels of BEE and woman ownership. Just very roughly the levels of ownership by the two
5 categories in the four operators that you have mentioned.

MR. BAIKGAKI: I do not have that information.

CHAIRPERSON: But is there – is there in the four operators – is there some form of BEE ownership as well as woman ownership?

MR. BAIKGAKI: Yes, is there but is not that much it is not that much – that – it
10 is not that much that mostly male dominated.

CHAIRPERSON: Mr Ngobeni?

MR. NGOBENI: Thank you, Chair and good morning Mr Baikgaki and Mr Gasengake. I think maybe just to start with the – my focus on the questions will be mainly the regulatory environment and how you have actually deal with
15 regulation in the province and I think maybe just to start. If you can just very briefly outline the process that is followed by the PREs in – you know processing – you know operating licenses for minibus taxis and I raise the question because one of the submissions that we have received, for purposes of this current public hearings in this provinces and you know it is a submission
20 from the National Taxi Alliance and one of the issues that they complain about, which relates to the process that is followed in the issuing of operating licenses is the effect that they complain the department is issuing or the PRE it is issuing operating licenses on roads that are already registered to other associations and this has resulted in conflict and fights amongst various

associations in the province. So, if you can just with that in mind. If you can outline briefly the process that is followed by the PRE in issuing operating licenses briefly. Just briefly and taking into account that this is in relation to operating licenses for minibus taxi operators.

5 **MR. BAIKGAKI**: Okay. Thank you. There is over the counter operating license that does not need the board to decide on, for instance if you are having a contract to transport learners, maybe you get it from the department to say you transport learner somewhere. If you have in hat contract the car is in your name and it got all the necessary documentation. You just go there and you get this
10 thing over the counter. However we have had heard of the cases where people want to be bribed to issue such license. Which we actually encourage those people to come up front to say I went there with all the documents and I could not get. They must come and report to the department. There is also the hotline where you are able to report such problems and then there is for the taxis.
15 When someone apply for their operator license it is unfortunate that the current act, unlike the old one where it was saying you must have a letter from the association. The current one does not require you to have the letter from the association. However due to these problems. We decided to stick to the old rules to say the association must be involved in this... [indistinct]. So, before
20 you are called for hearing. When you have applied. That thing is gazetted so that people must know that Olebogeng Baikgaki has applied for license – for operating license under route number so-and-so to operate between Mafikeng and Dithako and it is also published at the provincial offices. So that people can know that there is that application. So during the sitting. The days will be
25 communicated as well. S during the sitting if someone come there and say no I

object to the application. The... it is taken... [indistinct] so that a proper investigation is going to be done. So that is the process that is taking place.

MR. NGOBENI: And in your experience has there ever been situations where an operating license has been issued to various - different associations
5 operating on the same route and what has been your experience in terms of how that – you know whether it has resulted in any conflict as such as ...[indistinct] by the submission that we have in front of us.

MR. BAIKGAKI: Yes, I know the recent one from MacUgun to Mafikeng. There have been a route that was operating between – starting from Madibe,
10 Lecoco, MacUgun up to Mafikeng and back and then there was a request by the community to say the taxis should not just use the main road. They must get into Gysralen [?] and other neighbouring country that - neighbouring villages around MacUgun and the operators there refuse to amend the route to allow the taxis to go into that road. Now there was a tribal resolution that the chief must
15 approach the department and request them to assist and the department requested the same people to do – to extend their operations. Which they refused and then the second association that was close by was Magogo - Magogo Village, Magogo Ta [?] and Magogo Ta quick to apply for the extension a route to that area and about 10, no. 6, no. 6 operating license were issued to
20 say this 6 taxi routes – taxi operators will extent to those areas, because there are people there that is small – that are a new settlement there that need to be catered. So, I think that is where now they started having the fight between that Lecoco Modumela[?] Route and the Magogo Association. But it went to the extent where now this people now stopped - but I think the problem is that they
25 were only allowed to go in but they were not supposed to load on the main, but

they continue loading on the main road to say, but we cannot come back empty and that we must load in this route. So, that is when they started fighting. But currently, I think they have - they were called together and they have resolved on the operating conditions. So, they are still operating the same way and the
5 conflict was averted, was resolved.

MR. NGOBENI: And to your knowledge and in your experience are the operators and various associations taking up – You know all – you know are they complying with the rules in terms of responding to various applications that you applications that you advertise in the Government Gazette, are they
10 approaching the PRE's to come and make their voices heard or you know or maybe if you can just explain what has been your experience once those applications have been advertised, because the concern is, from the industries, that she has not been - the consultation have not been helpful at all and they get surprised to see rival association or you know operating on a road that has
15 been registered for them.

MR. BAIKGAKI: *Ja* there have been some people but you will find that every time there is always the same faces – some even opposing the roads that they are not even operating within and also amongst the taxi operators they are not consistent. Sometimes they will just oppose because they do not know you, but
20 if they know someone, even if - yeah they know that this person was not supposed to be issued with the license and they will support that. So, that is why the initial statement from the colleague there was that the taxi operators must be organised as well, because if you are going to go there and being biased it becomes a problem, because sometimes they will object to the
25 application, but when you go and sit down and bring facts together you do not

see the reasons why they objected and where there are supposed to be objections. There is none. That is my experience.

MR. NGOBENI: And are there instances where you have received an objection from an association that is operating on a particular road that you
5 considering issuing an operating license and you despite an objection being raised for that particular where that particular association operates in. You have continued and issued an operating license to an operator to operate on that particular road.

MR. BAIKGAKI: Ja sometimes you find that someone object and that person
10 maybe is in a sub-committee, but when you approach the main committee to say: we have this member of yours who applied to operate, but there is a sub-committee member who objected and then they overrule that to say: no we will talk to him. Then from there they will say: no we rescind from the objection. We allow that. So, that is always what is happening, but at the moment we – the
15 Provincial Government has taken a position where there is a moratorium to stop all this operating license so that we can do the verification of routes, before we can issue new license. It is unfortunate that some this applications were already there when the moratorium was drafted and approved and we still have to continue with those license. So we – but we do not take new applications at the
20 moment.

MR. NGOBENI: Yes and thank you for that because that was going to be my next question, because they NTA also raises a concern around the issue of the moratorium. Maybe if you can just clarify for the panel. When was it introduced? How long has this moratorium been in place?

MR. BAIKGAKI: The moratorium came into effect in 2015 and is supposed to last for three years. Which is ending this year and then the PRE must advise as to whether they are now happy to issue new licenses or we shall extend the moratorium, because how we were supposed to have done – to do the need
5 analysis and see whether the market is saturated or you know is under serviced. So that we sure as to how many operating license we should give per route because with the current setting that - current arrangement is that everyone who take the package or is retrenched from work will come and apply for taxi license – operating license just to get into the market. Whether there is
10 a demand there or not. They just want – they just see that as and it is also killing the taxi industry because they end up not making money because they do not allow people to get into the market. So it is one of the intervention to assist them to say: you cannot just allow everyone to get into this business for the sake of affording the taxi. Then you allow that person to come here and say: no
15 I want license I want to start operating. You must check if there is demand for that. We cannot just operate – give a license where there is no demand. So, with them they do not do the market analysis. It will be like: No this is Baikgaki's son I know him. Let him come and operate. His father used to be the taxi owner or something and that is not how the market should be run.

20 **MR. NGOBENI:** You mention the verification of routes as one of the reasons for the introduction of the moratorium. Are there any other reasons which motivated the introduction of the moratorium other than the verification of routes that you have mentioned.

MR. BAIKGAKI: The other thing. You can recall that there used to be lot of
25 fights in the past. Where even the taxi people were saying: you government

people you are just issuing license to people without looking at the market. So, that is why now we came, took the position to say: we shall come there and try to assist by also doing the study and check if there is really need for this – more operating license or to reduce them and in some cases we realise that really we
5 need to rationalise we need to reduce the number of operating license, but it is not easy to come and say no I am taking out your license, but you can only recommend that. You guys must try to reduce the number of license because here you do not need 20 taxis but you need 10. You know. Those are the advices that we have to provide.

10 **CHAIRPERSON:** If I may just come in... [indistinct] just on this – on this specific point. Mr Gasengake in his submission in his submission, I think in terms of how he has diagnosed the problem. His submission seems to indicate that there is a misalignment between transport planning and the issuing of operating licenses. In other words the issuing of operating licenses does not
15 seem to be informed and does not seem to be properly grounded in transport planning. Is that – is that misalignment sitting at the heart of the problem that you have identified and the problem that the moratorium seeks to resolve.

MR. GASENGAKE: The issue of misalignment is getting attention. We were having a problem where the operating licences were issued without proper
20 consolation. Without having proper documentation. Like now we are busy with the ITPs. Which got in it the operating license and strategy. Which will guide us as to where there is a need for us to give the licenses. At the moment, now that NTA is raisin this issue of moratorium to say they want licenses. There was a time where the PRE went there and then they wanted us to give them that
25 document. That is still not yet finalised. So that they can use that document to

make a decision whether they should issue licenses or not and they said: no, but this is not complete, is not yet finalised and no one is going to own up to it, because it must be consulted and it should be consulted to process where now people will be briefed as to all distance – I am disturbed by my boss phone.

5 **MR. NGOBENI**: What I sought to understand, because I think you identified the issue of demand. You linked the issue of demand to operating licenses and what I – my question sought to understand is because of that link that you have made between demand and operating licenses. That issue of demand that you have identified. Is that not a function of transport planning? In other words
10 transport planning should be able to identify issues of demand and identify whether there is demand in a road and whether there is a need for additional operating licenses. So that is what – that is the linkage that I sought to understand. In other words are we not dealing here with a transport planning issue which of course you are trying to resolve through other instruments at
15 your disposal such as a moratorium?

MR. GASENGAKE: Thank you Chairperson. Ja actually like you indicated that in my submission I have made mention of that. The problem that we experience in our province. Like I... [indistinct] earlier on is that at the – predominantly at the municipalities. We do not have transport structures,
20 currently. So as a result it happened that when operating license are being issued - are issued without following proper processes. Therefore that on its own poses a serious challenge of maybe over saturation of routes and without maybe considering the issue of is there a need for the supply for a particular route. So, remember we have, in terms of the NLTA we have to develop the
25 transport plans. Where we find your transport register, your operating license

strategy, rationalisation plan and your public transport plan. That will end it up in the ITP which will be put into the integrated development plan ultimately for it to be a document. So, that is the issue that we are currently trying to address as the province. That you must have warm bodies at municipalities that will actually deal appropriately with issues of transport. I do not know Chairperson. I have...
5 [intervenenes]

CHAIRPERSON: Ja. No, no you have certainly. Mr Ngobeni you may continue.

MR. NGOBENI: Thank you Chair and Mr Baikgaki. You mentioned that when the moratorium was introduced there were already applications that were
10 already submitted and they were about to be considered, but given the fact that there is now a moratorium but given the fact that there is now a moratorium. I understand those have not yet been dealt with. The same issue is raise by the NTA they indicate that at the time when the moratorium was introduced there were already applications which had already been submitted for adjudication.
15 So the question that they I have there is: what has been the experience in terms of you know, you being the department. What has been your experience in terms of whether or not the moratorium that you have imposed... Whether it has not resulted in a situation where there are now illegal operators in the market and many of them, given the fact that you had a situation where there were
20 applications and those applications are not yet adjudicated upon. So you find yourself in a situation there are those who wanted to comply with the law but given the moratorium they are now unable to comply with the law. So the question is what has been your experience in terms of - what have you seen in the market after the introduction of the moratorium?

MR. BAIKGAKI: Thank you, sir. Well there are illegal taxi operators and it is unfortunate that they have been there even before the moratorium was there. Like I indicated that our brothers and sisters when they got retrenched due to high rate of unemployment in the country or the economic recessions. They
5 decide to go into this taxi industry or into the market and operate, using the 4 plus 1, the vans and so forth and I will not say there is because of the moratorium. There will still be people operating because even if the moratorium was not there it is not everyone who was going to be granted operating license, because they should be informed by the market. That should also be informed
10 by the need to have those taxis operating. Again, some people even if they have certificates where they operate, for instance you operate in Lichtenburg. When they see people going to Vryburg they will still go there and load people going to Vryburg. Whereas they have operating license that that says they are going to Rustenburg. So that will still be there. Unless we take a position to
15 ensure that we take those cars from them. We come up with measures to ensure that they are not operating. So, my experience is that there has been – there has been illegal operators and they are continued to operate. I know even people that I am close to that. They are clueless about the taxi industry, but once they have money to a Vancer. They will come and put it there and start
20 loading people.

MR. NGOBENI: And one of the concerns from the National Taxi Alliance is they raise a concern that despite the fact that there has been moratorium. They have seen operators belonging to other associations being issued with operating licenses. To the best of your knowledge would that be – is that

something that you are aware of as the department or what is your view to that submission from the National Taxi Alliance?

MR. BAIKGAKI: Thank you. That is allegations and speculations, because how do they know that those people did not apply? Its another question, because
5 currently the only people who are getting the license are the people who applied before that moratorium came into effect. So, there is no other person, unless they can prove beyond reasonable doubt that those people applied after the moratorium was issued. Then we can investigate those issues.

MR. NGOBENI: Okay, I just want to clarify. So, are you saying that all the
10 applications which was submitted before the moratorium are being considered and those are the applications that are being issued out, you know those are the applications that are being granted by the PREs. Is that what you are saying?

MR. BAIKGAKI: No, not all applications were considered even though they
15 came before the moratorium. Not all of them were considered. The process is still unfolding, even now, because there were a lot of backlogs. So, they are still addressing those issues. Deciding on those operating license. So, but what I am saying is that, if someone applied – there is no applications actually that are taken now after the moratorium except for your tourism certificate, your charters
20 certificate, because they were not affected by the moratorium. Those are the ones that are issued. So sometimes anyway sometimes people use the certificate that are meant for something to operate the taxi route and that is where people are going wrong, because they become illegal, because if you said that I will be transporting tourists. The tourist license will allow you to take

people from here to anywhere in – within the corners of South Africa. So some people will take advantage of that and use it to go and load at the taxi rank and there will always be a sort of arrangement with the queue marshals and the people who are operating there. Which we as the Provincial Government we do not participate in deciding who shall load when there. It is their own baby. You can go to, for instance between Gauteng and Johannesburg there are people who are operating there. All they do is... [indistinct] they call them scoff where they are operating without license. So, sometimes if you give them this one is for tourism. They give you reasons to say: No we have people. We have supporting document. We have tourist that we want to transport. We have registered the business to operate tourist and they use the same certificate from here loading here at the rank, from here to Park Station and loading again from Park Station to here, because this arrangement. This personal arrangement there with the queue marshals.

15 **CHAIRPERSON:** Just a follow-up on this. If I may Mr Ngobeni and this relates specifically to applications for operating licenses, which was submitted to the PREs before they are in possession of the moratorium. What criteria are you using to process certain applications and not to process others?

20 **MR. BAIKGAKI:** The applications are processed according to the days, because those who came before shall be considered before the recent one. So, most people who will be complaining will be people who just recently applied and again the other issue that you must take into consideration is the issue of conflicts. Where there are conflicts you have to ensure that every one is brought in whether you have Gazetted this, but once there are conflicts you must bring

all the stakeholders together so that you are sure that what - before you issue that license there will not be fights afterwards.

MR. NGOBENI: I think, Chair that was going to be the question I wanted to pose. What I am more interested in is maybe let me put a date. You said you
5 imposed moratorium in 2015, I think let say for – what I am more interested in is what are you doing with applications that you received before you imposed the moratorium? I am not talking about the recent ones. I am talking about all the applications that you received before you imposed the moratorium.

MR. BAIKGAKI: *Ja*, with these ones they are going to be processed. Then that
10 is why I talked about the backlog to say some will be affected by the fact that there were backlogs and there were many of them. So, they are still in pipeline. They will be processed accordingly.

MR. NGOBENI: And then could this be the, you know, could this also fall among the category of those and I am just assuming those applications that the
15 NTA is now saying are applications that they now see being issued out in the market. I am just speculating.

MR. BAIKGAKI: *Ja*, possibly, yes, because after they raised that issue that is when now we are told to give them the operating licenses... [indistinct] which there was mentioned that I cannot give it to them before it was finalised, but we
20 are still going to sit the PRE to check as to how best we can assist them. My understanding is that they want that meeting this week but I am still waiting for them to approach me formally so that we can work together to assist in this.

MR. NGOBENI: And if we are still, you know if as a department you are still considering those applications which were submitted before the moratorium and

in addition to that you are also responsible for the finalisation of the transport plans. The question that I have is: Do you as the department have capacity to be, you know engaged in this dual role that you currently, you know, play and which is the role of you know the development of the transport plans and in addition to that you are also considering, you know all of this backlogs at the same time. Is it not putting a strain on your resources?

MR. BAIKGAKI: *Ja*, it is indeed a very strenuous task. You will recall that before PRE use to be appointed outside or board members used to be outside the department and I think that is what also contributed to this problems that today we are face with and we decided now, as the department, to test if we can do it internally and we have nominated certain individuals with vast experience in transport, from within the department and I must say that there have been a lot of improvement in terms of issuing the operating license, unlike before.

CHAIRPERSON: And just lastly. The question of devolvement of or the assignment of powers from the PREs to the municipalities. Have you received any requests, in the province, from any of the municipalities who are now willing to relieve some of the constraints that you currently have as the department. Are there any municipalities who have already approached you to indicate that they are willing to exercise some of the powers that currently resides in the department as envisaged by the current NLTA.

MR. BAIKGAKI: Some of them – actually let me say Bojanala District, Rustenburg is actually saying that they are ready. There is the only municipality that is saying: We are ready, but unfortunately they are not ready. One, for you

to have the transport function you must populate the structure to the extent that you have posts that has to do with transport functions. You also must have a clear mandate, funding and warm bodies attached, but if you are there and you are saying your role is about transport, storm water drainage whatever engineering, You know, it is one person given all the task. I am saying this because we have the transport forums We have transport meetings where we engaged the municipalities and they will be called by their principals to get out of the meeting and attend to other things to say people at ...[indistinct] want water and you are in the transport meeting, suppose to decide on transport but at the same time to ensure that people get water, Until such that - such time that we have clear mandate to say the person who is dealing with transport issues what is that person's mandate or functions. The municipalities are not ready. Again if you look at the budget of those municipalities. They do not have any budget for this transport functions. Even to develop the ITPs at the district level. They said now we are capable of doing that but transfer money to us for us to appoint. So, that is the only function that they want – to issue tender, appoint and monitor the tender and that is not we want. We want the implementation of those ITPs and this will be people who are implementing. You can take Ngaka Motiri Molema for instance there is only one person who is dealing with transport and got qualifications in transport. Then you go to others. Those are people who have done administration nothing on transport. So the qualifications is another thing that we have to look at. To appoint the people who are competent to do those functions in Dr Ruth we have town planner there. He is good. He is passionate about transport, but he has got other things that he must do as a town planner which are not a transport related. So he will

be having more on his hands than if we had a position that says this person deals with transport, public transport, this one deals with rail, this one deals with the road, that is what is supposed to have happened.

CHAIRPERSON: Thank you, sir.

5 **MR BAIKGAKI:** In Rustenburg there is a project that people are appointed to focus on your BRT there. So those are the people who are... [indistinct] who had been the BRT their own contract. Then the attention now and then. So you cannot really say you are really in the position where you can say you are ready. So they are not yet ready. We have now a task team that is intending to
10 empower the municipalities to ensure that they have the transport function. That team comprise of our department, the local university transport unit from the current university and SALGA and we are still also getting problems with SALGA because we will be given someone for three month. After three months that person is replaced and together this other person on board you will take
15 another, you know 5 – 6 months to get this person on board and after three months that person is chopped again. So, we are not moving in terms of the municipality and if you look at the key performance indicators of the municipality. They are not measured on transport function. Hence they are not doing anything to ensure that they achieve the said target for this transport
20 functions. So, it is still a problem. It will take some times, but we are moving in the right direction; like I have seen in Moruteli they have advertised for director in transportation. So, we are getting somewhere and just yesterday I got a call from local government I think the administrator is also forcing them to ensure that the municipalities are empowered, but now it seems like they had own
25 meeting. They are trying to empower the municipalities to develop ITPs and we

are about to complete the ITPs. So, who is going to implement the ITPs that we are having. If they are starting the ITP from afresh. So, it is a problem, municipalities are not yet ready. Thank you.

CHAIRPERSON: I just want to get your reaction to – just two issues which
5 have been raised in the submission made by the North West National Taxi Alliance. The first one is that in the process of the conversion of the operating – of the permits, the old permits to operating licenses. You unilaterally decided to impose a requirement that you will only allow a maximum of three routes in order for a person who previously – an operator who was previously in
10 possession of a permit to qualify for an operating license. So, this seems to suggest that the scope of the routes in the old permits was wider than the maximum of three routes that the submission indicates that you imposed so that is the first issue.

The second issue is – relates to the moratorium. The submission from the North
15 West National Taxi Alliance indicates that the – it says that the North West Province and I quote:

*“Does not communicate with stakeholders or consult on pertinent issues affecting and concerning the progress and the progression of
20 the taxi industry directly or indirectly, adversely and/or otherwise in any manner whatsoever. The issuing of the moratorium is one such issue that the Department unilaterally imposed.”*

I would just like to get your reaction to – just those two, two issues.

MR. BAIKGAKI: Ja, thank you, Chair. With regard to the issue – the second one the issue of communication. My understanding is that consultation was done, maybe it might not be sufficient and again the problem is that there are divisions within the organisations. So, sometimes you want to see certain members and decide or discuss certain issues, but I must just acknowledge that: Yes, it might not be sufficient from the transport economics point of view. I am not going to dwell much on it.

10 On the issue of conversion of old permits. Remember that those permits were issued as a temporary operating license and now when the new regulations comes, to say this other requirement for you to have the operating license as the provincial government we are not immune to those regulations. We have to see to it that we implement accordingly and where we issued the license that was not having lifespan, for instance there were some operating license that were above for a five years, but the new regulations comes and say: No the operating license only is only valid for 5 year period. We have to adhere to that as the provincial government.

CHAIRPERSON: Ms Nontombana? [Question not translated]?

20 **MS. NONTOMBANA:** Okay. The first question I have is with regards to the servicing of rural commuters in the province. I did not get a sense of who is really servicing those commuters. Whether it is the subsidised bus operators, whether it is taxis or whether it is private operators like busses that are not subsidised.

MR. BAIKGAKI: You mean the rural... [intervenes]

FEMALE SPEAKER 1: Rural commuters.

MS. NONTOMBANA: Commuters.

MR. BAIKGAKI: Okay. In both cases in rural areas we have bus operating
5 there. We also have taxis operating there. So, the bus will be subsidised but
there are times where this operators are expected to introduce bus without
necessarily getting the subsidy. So, it is both taxis and busses that are
operating in rural areas.

MS. NONTOMBANA: And your unsubsidised busses. Do they also operate
10 there or is it the subsidised bus operators who then extent services even if they
are not subsidised?

MR. BAIKGAKI: In the three districts that I indicated that we have subsidised
service. It will be the same operators that are subsidised but if you go to Dr KK
which is more an urbanised district anyway. That is where we have private
15 individuals operating with their busses there. But if you go to Dr Ruth, Bojanala
and Ngaka Motiri Molema. We have contracted bus operators there, who are
subsidised.

MS. NONTOMBANA: Are there any areas that are serviced, for example just
by the taxi operators and not the busses at all, in the rural areas, and I am
20 asking this because in some provinces one of the challenge that we have been
told is that the conditions of the roads do not allow some commuters to be
serviced by excising operators.

MR. BAIKGAKI: *Ja.* I am trying to think about that because like you have mentioned that the last time we had a place just in the outskirts of Mafikeng, here. Called Madibe where they were saying the people were complaining that they want a subsidised bus to go deeply into the area, because it pass the main
5 road, but it does not go into the areas, but when we went there to do the assessment that was the case to say the infrastructure does not allow the bus to pas there. So is that the taxis were uses to ferry people there and those who wanted to access bus they are the non-motorised transport in the form of animal drawn carts. Which is also at times issued by the department to assist the
10 community.

MS. NONTOMBANA: And then another question I had is with regards to subsidies. You mentioned that the busses, because they are subsidised per kilometer they travel. Whether or not there are passengers. They would still run their operations and so I would want to know whether there is any thinking
15 within the province regarding changing the model subsidies as they currently are to subsidise their commuter, because there have been talks about subsidisation of a commuter being a better model to use. Is there any thinking in the province around that?

MR. BAIKGAKI: Those are some of the things that will be considered in the
20 new contracts. Hence we have contracted the transaction advisor to look at all aspects that arise and also to model this with other provinces and the other big cities as to how these things are done.

MS NONTOMBANA: And then in terms of funding. Is this something the transactional advisor would also look into, because one of the things that came

up, in the presentation, but also in your responses is insufficient funding and so with regards to then renegotiating contracts is there something that the transactional advisor would look into and advise the province or is there anything else that is being considered regarding the funding of those contracts
5 when they expire at the end of the year?

MR. BAIKGAKI: Currently we have requested both the National Treasury and the National Department of Transport to intervene in terms of a system that we get more funding. So, because if you can look at the funding model. The provinces are not getting equal funding. Provinces such as Mpumalanga they
10 have more – they get more money. KZN they got more money than the North West Province. So, we have been pleading year in year out to say: we need funding for this and even recently we are requested to provide the National Treasury with our budget ...[indistinct] which we did and we are just waiting for them to assist. In terms of the provinces it is very difficult because the treasury
15 is reducing money annually – he is not giving us anything additional. So, it is a serious problem from our side to say we can increase the budget for that – for the subsidy.

MS. NONTOMBANA: Then the last question I have is taking you back to the issuing of operating licenses. I just wanted clarity on how renewals have been
20 dealt with during the period of the moratorium. It was not clear to me.

MR. BAIKGAKI: Can you come again?

MS. NONTOMBANA: ... [indistinct] how renewals. So any renewals for existing operating licenses. How were they dealt with during the period of the moratorium and I am asking this because you have said that in certain

instances you find that there are 20 operators, but you actually need 10. So, if an operator comes and they applying for a renewal of an existing license how have you dealt with that?

MR. BAIKGAKI: *Ja*, it is unfortunate that when you renew you are just given
5 your operating license as long as you meet the requirements in terms of you having a taxi that is within that stipulated years – the age of your taxi, your certificates and other stuff, your tax clearance and all those things. When you renew is different from when you do a new application.

CHAIRPERSON: So you have been processing the renewals notwithstanding
10 the moratorium of the issue of operating licenses. Is that... [intervenes]

MR. BAIKGAKI: The moratorium is only about the new ones not the existing ones that you want to renew.

CHAIRPERSON: Alright. *Ja*.

MS. NONTOMBANA: Okay, but you are saying that if you meet the
15 requirement then the chances are that the renewal will be granted.

MR. BAIKGAKI: Yes, for renewal, because it is not affected by the moratorium.

MS. NONTOMBANA: Alright. Thank you.

CHAIRPERSON: Okay, Mr Mandiriza?

20 **MR. GASENGAKE**: Chairperson, I was expecting to leave here at half past ten I got another meeting, very important at 12 O'clock and I still have to prepare documents.

CHAIRPERSON: *Ja.* We just have one – one last question.

MR. GASENGAKE: Okay.

MR. MANDIRIZA: *Ja.* Thank you Chairperson. I think in the interest of time I just wanted to understand your backlogs. How they look and what the
5 numbers that we are talking about? For operating licenses, especially for
minibus taxis.

MR. GASENGAKE: Unfortunately I am not in the possession of those numbers. As I indicated that I deal with transport planning, but there is a division that deals with this taxi issues. So, they will have the exact numbers as
10 to how many license are left behind. I have been thinking about that in my mind to say, but what is the number that I am referring to. I know - I only know that there is backlog, but that is receiving attention.

CHAIRPERSON: *Ja* thank you very much Mr Gasengake and Mr Baikgaiki for your time and for your presentation and for also providing very helpful answers
15 to some of the questions that were posed to you and we will certainly be following-up with more questions to you at a later stage, because you play quite a very important role in the sector – in this province. So, there will certainly be more follow-up questions from our side emanating from the issues that will be raised by various stakeholders. But thanks a lot. We do appreciate your time
20 and also for bearing with us, because you have another engagement. But thanks a lot you are excused.

We will take a break and we will be back at quarter to 12. We will take a tea break everybody is welcome to have tea and refreshments. We will be back quarter to – quarter to 12.

Session 2

CHAIRPERSON: We will now receive a submission from the Rustenburg
5 Local Municipality. Thank you very much for coming and welcome. There
should be piece of paper in front of you on the table. You may take the oath
or the affirmation. Are you ready to proceed? Ja in the meantime you can
just the oath or the affirmation. There should be a piece of paper on the
table. Please switch on the mic as you do so. I think in the interest of time I
10 will suggest that we will proceed and representation will find us along the
way. At least we do have the printed versions of the presentation. Today is
the 11th July 2018. This is the 13th day of the Public Enquiry Hearings which
started in Johannesburg.

Thank you Chairperson and thank you to all the stakeholders present here
15 today. My apologies for being late. My name is Obed Moleele. I am from the
Rustenburg Local Municipality. Currently the acting Director for Roads and
Transport Department for the municipality.

CHAIRPERSON: If you could Mr Moleele, just before you proceed with the
oath. Just for purposes of the transcript, please just spell your surname for
20 the record?

MR. MOLEELE: M-O-L-E-E-L-E.

CHAIRPERSON: Ja you may proceed with the oath or affirmation.

MR. MOLEELE: I, Obed Moleele, 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, you may proceed with your presentation. After you are done with your presentation, we will then put
5 questions to you. Ja, you may go ahead.

MR. MOLEELE: Thank you. So I must confess, when I saw the questions posed on the briefing that was given to us, I said, no, other municipalities, these questions are relevant to any other municipality, particularly North West like Rustenburg because we are in forefront of trying to improve the
10 public transport in Rustenburg through the integrated public transport network that are commissioned by the Department of Transport and about 30 municipalities in South Africa so we do have a lot to talk about, particularly random issues that have been raised on the briefing that we received so my presentation will try to answer some of the questions as far
15 as I can but broadly some of the questions really require national discussions particularly if you look at all the cities that are implementing this integrated public transport systems. So yes, we are still at Rustenburg trying to improve the quality of public transport services and this really is a mandate we get from the national transport strategy and the action plan and
20 the NLT itself raises issues of municipalities to take over as much as possible transport functions which are meant to improve public transport for commuters within their areas. So one of the projects indeed is the Rustenburg transport project and you know when I looked at the brief as well I thought perhaps it might be important to look at where we come from.
25 Some of the systems that you are aware of include those of Rea Vaya and

My City which really were the initial services in the South African context of integrated public transport systems. So this aim to provide accessible transport in proof transport for the disabled, affordable fares, efficient and frequent services. We want to contain the urban sprawl by bringing people
5 closer to those corridors. Some of the economic objectives include job creation and the transformation of local SMMES as well. So yes, the question remains, do we need to improve public transport in South Africa? Yes but are we going in the right direction in terms of BRTS and that is an argument that is really at the top of everybody's thought especially if you
10 look at BRTS around South Africa.

And then on the next light we are funded by what we call the Public Transport Network Grant. This grant aims to support the objectives of the public transport strategy and action plan as I did allude to. This fund is aimed in providing funding for accelerated construction, improvement of
15 public transport and non motorised transport infrastructure that form part of the municipal wide transport network. Now this is funding the planning, the regulation and the control management and operations of a financially municipal public transport network. So it's not only infrastructure and the intention is in future we are going to still require the support of the national
20 departments in terms of funding of some of the operational cost that are part of the projects that are being implemented.

So, a lot of questions that are being asked is to say Rustenburg, why a BRT out of the 8 metros and you also find Rustenburg trying to implement a similar transport infrastructure which is perhaps more meant for city sizes
25 which exceed up to a million people so that you can get the ridership and

the patronage that you need to make the system a little bit more sustainable. So this project as you aware started from the italic world cup projects which were meant to be legacy projects of the cities which hosted the World Cup so we are no different from other cities which have already
5 started, however, the context of Rustenburg remains under discussion and the proof of the pudding is whether you know the municipality is able to sustain the system and that should be proven along the numbers that we are carrying as a municipality, the patronaging the system as well as other venture opportunities, the extent which we are able to redefine special
10 transformation within the city, bringing people closer to corridors and all those other venture opportunities such as local empowerment of SMMES and job creation as well.

And then on the next light, we are still at the implementation stage and you know we have come under fire in terms of why we are taking so much time
15 in terms of implementing the project and perhaps the municipality underestimated the extent of time which would be required to implement all the infrastructure that is required. So the planning and operational design started back in 2012. We are currently busy with massive infrastructure implementation in Rustenburg. If you have been in Rustenburg lately you
20 will see the extent of construction that is currently happening in the CBD. So we did the design construction of the infrastructure, we started with that between 2012 and we are currently in the last phase of construction in the CBD. We have promoted the participation of all stakeholders from your disability forums as well as your schools, other stakeholders including
25 Government and private sector as well.

The main stakeholders remain the existing public transport operators who are the taxis which are affected by the system and I will get into detail in terms of how we are working with the taxi operators at a later stage. We are also contracting various service providers and contractors to implement all
5 the components that are required to implement the system.

Now on the next slide would be from early 2019 what we call the Operational Phase which includes the service planning, your bus operating company which I will also talk about which includes a contract that would be entered into between the municipality and the bus operating company. The
10 operational control and co-ordination with other stakeholders we would need a lot of supervision and operators of the bus system. The municipality would also play a role of quality control to ensure that the buses are always commissioned on a daily basis on time and stick to the schedules. The maintenance and supervision of infrastructure, the supervision of the
15 intelligent transport systems which include the fare collection and the promotion of this service to all users in Rustenburg. And of course as the city grows we also need to look at how would the system be expanded to cater for as many residents as possible.

Now what is planned for Rustenburg. As I did say, between 2006 and 2010
20 the department took a way that part of the legacy of the soccer World cup would be the transformation of the public transport sector. Now you know I also try to take the role of a municipal official as well the commuter on the ground who wants access to public transport. Now when the systems were approved by the department of transport, I always had to say, the engineers
25 and the architects went out and decide all the systems to say this is how we

see it best for each city to implement the system so in Rustenburg there was a design of a BRT component on the overall integrated public transport network. The artist impression they show a space that is currently being built around the company area we want to have a close system which
5 includes closed stations and non motorised transport. I am sure if you have been in Rustenburg you would see in extent of corridors that have been developed in the form of segregated lanes and non motorised transport lanes especially in Tlhabane where we have started going deeper into the community, the access roads and things like that. So indeed the Rustenburg
10 rapid transport integrated public transport network includes a BRT component as well as other services. We are not only implementing a BRT hence we call it an integrated public transport network. It includes a BRT component as well as other services which I will explain also a little bit later in the presentation.

15 So, why this project in Rustenburg? In terms of the IDP in 2017 we had about 650,000 residents living in Rustenburg. The economy, although struggling a bit especially from the mining sector remains to be the southern's largest in the country. There is vehicle car ownership that is growing considerably comparing to other areas where you have a lot of
20 motorisation lately in Rustenburg. So if you look at the statistics you would find that about 84% of all trips are made through public transport network and the majority of that is made through walking so you have quite dense areas in Rustenburg where people choose to walk than to use any other mode of transport to work. You also look at the mini bus taxi industry also
25 still taking the majority of the commuter trips in Rustenburg at 27%

especially as a percentage of all work trips so there is a need to transform public transport in Rustenburg and one of the interventions that is been made by the municipality is through this implementation of the IPT in Rustenburg.

5 So back in 2012 the initial designs and studies were done where we looked at two corridors, the one from Phokeng into the CBD as well as from Kanana into the CBD. Now those are the two corridors which have informed the municipality to implement integrated transport network in those two corridors, however, this integrated public transport network covers almost
10 80% of all communities of Rustenburg over beyond the BRT areas where you have BRT only in Phokeng to the CBD to Kanana. Other services actually go deeper into communities into Marikana, your Ledig, your Paardekraal in Tlhabane so all those areas would be covered by services. However, this is the long time strategy, the project would be split in phases
15 to accommodate funding as it comes available to implement infrastructure that is within budget. However on the long term the system should cover approximately 80% of all commuters living in Rustenburg.

And then on the next light just more detailing in terms of the public transport service itself. On the green area is where you have a BRT component with a
20 lot of feeders as well as direct routes. You would serve the [indistinct] Tsitsing, Marikana, Kanana as well as Tlhabane. So this is the long term plan of the municipality to ensure as many communities in Rustenburg have access to bus service in future.

And this is this the timelines in relation to what we are doing in Rustenburg with regards to the phasing of the infrastructure implementation and operationalisation of the system in Rustenburg.

On the next light that's just in numbers more detail. The two corridors that I
5 talked about, significant portion, I think about 65% of all the infrastructure has already been implemented in Rustenburg. These are just such of the artist impression as I did see, it is closed stations as well as segregated lines in the median areas of the corridor.

Now perhaps if you could just go through those lights and address some of
10 the questions that have been raised by the Commission. These are some of the detail which you can go in detail of who those corridors were developed as well as the future plans of the Municipality in terms of trying to make the system more sustainable and the planning around the municipality. Now, as I did mention, one of the components of this project is to transform the taxi
15 industry. Now the municipality back in 2012 started with engagements of the taxi industry in Rustenburg. All 24 at the time taxi associations were engaged with their municipalities intend to implement this project. They form all the associations in Rustenburg from what we call the taxi interim structure represented by two members of the associations from Rustenburg.
20 Later on we came to an agreement with the taxi industry for phase one and two of the IPTN only 9 taxi associations would be affected by this project. We then formed what we call the taxi negotiating forum. Now currently the municipality is at step 1A up to step 2 with the negotiations with the taxi industry. Now what does that entail?

It entails negotiating with the taxi industry. The negotiations on the roads that the municipality intends to take over in terms of operating the bus service, the RRT system. Now the intention is to say, out of those taxi associations capacity in the form of vehicle as well as operating licenses
5 should be taken over by the municipality. Now since 2012 we have been negotiating with all those 9 organisations to determine the extent to which they are affected. Now we have also done extensive studies which have resulted in us knowing how many taxis are in route, how many vehicles, how many frequencies are in its route. How many operators operate such a
10 route and of course which route falls within which taxi association. Now that is important for the municipality to know because part of the project entails knowing and compensating and eventually buying out some of the taxi operators into either full compensation or into the bus operating company that would be established for those taxi operators to come in.

15 Now those 9 affected associations have formed an interim bus operating company. That interim bus operating company would in future accommodate all taxi associations who would give up their routes, who would give out their vehicles, who would give out their operating licenses in favour of shares within that bus operating company. The negotiations
20 although they could be much quicker have reached the stage where we have agreed with the compensation model as well as the arrangement within the bus operating company for the taxi operators to eventually take ownership of that company. Now that bus operating company has started with also the procurement of the buses that are required to operate the
25 integrated transport network. Also that bus operating company would need

to own, manage and operate all the vehicles that would be under the bus operating company and this is a model that has already been adopted by the city of Johannesburg where you have PioTrans owning and operating the Rea Vaya buses in Johannesburg.

- 5 We are envisaging two bus operating companies in Rustenburg, one operating the corridor of Tlhabane up to Phokeng and all the neighbouring areas and one bus operating company operating the other corridor of Kanana including neighbouring area Seswelo. Now, that bus operating company is also meant to have jobs and absorb jobs which are from the taxi
- 10 industry which would have been lost as a result of implementing this project. Jobs such as security, drivers, maintenance of the buses would be under that bus operating company and the municipality would be playing an oversight role ensuring that the bus operating company operates in terms of the service level agreement entered into with the municipality.
- 15 Now this is just an example of the roads that we are currently negotiating with in Rustenburg with the taxi operators and I might as well add with the bus sector, which another bus which is UniTrans operating in Rustenburg. So for example, if you look at the yellow areas, those routes are being operated by about three taxi associations. There is our phase 1A as well as
- 20 our phase 1B of the project. Now that would be operated by one bus operating company. If you look at the pink routes as well as the orange routes, they go out to corridor B and would be operated by another bus operating company. This is phase 1 and 2 of the area project which the municipality intends to implement within the next three years. These are
- 25 some of the examples as well as I did see now if you look at the mandate of

the public transport strategy, it says municipalities need to develop a public transport network that places residents at least within a 500 meter distance from the nearest bus stop so in terms of the model that we have adopted, we have said let's look at where the densists parts of Rustenburg are and that includes Tlhabane, your Rustenburg South to Waterfall as well as you 5 corridor B, Boitekong Kanana, Seswelo. So everywhere where you see the road either operated through a bus or a taxi which would fall under the same bus operating company, we would eventually take over that routes as the municipality which we would operate through the bus operating company so 10 in future these roads would expand as more funding become available as well as it makes sense for the municipality to introduce a service having looked at all reasons for why we should extend a corridor to cater for new developments as the city grows as well as to also transform operators within that area and also tend to introduce more quality public service to residents 15 living in this area. So the system would continue to grow as the city grows and as and when funding becomes available.

Now some of the agreements we have entered into with the 9 taxi associations that have been affected are the participation framework. Now it makes sense to say not all taxis can be taken off or absorbed by the system 20 because you would still have taxis going from Rustenburg up to other areas like Mogaswe, Sun City, all of those. We cannot be able to absorb some of the roads which are being serviced by the taxi industry. So the participation framework alluded to the fact that not everybody can be participating in the RRT so it clearly states out the reasons why and who should be 25 compensated. The agreement on the rationalisation plan in terms of which

roads would be serviced by the RRT as well as routes would continue to be serviced by the taxis and also Bojanala Bus. As I did mention, not all routes make sense to be serviced by the RRT so there is an in principal agreement in terms of the rationalisation plan with the taxi industry and also Bojanala Bus. We did look at the original destination trips within the network as well as outside the network so the RRT would normally operate within about a 30 km radius of the CBD of Rustenburg and any area outside the 30 km radius would need to be continued to be serviced by either taxis or Bojanala Bus. We have also in principal agreed in terms of the bus operating contract, the contract period which is up to 12 years in terms of the current National Land Transport Act as well as the extent of routes which are effected. Of course we have also seen that there are disagreements and disputes between if you look at the current operations of the taxi industry, there is a conflict between some of the taxi associations in terms of which route belongs to which taxi association and look the municipality, irrespective of which taxi associations owns which road, we are of the view that principals of a quality public transport as well as if it makes operational sense to introduce a service in that area should not be determined by which taxi association owns which route. So our discussions really look at broadly the intentions of the municipality to improve that quality transport in Rustenburg notwithstanding the fact that there are conflicts within the taxi associations.

So these are some of the pictures from the agreements that have been entered into with the taxi industry and I might add that although in principal you are negotiating with the representatives of the taxi industry and they are

fairly on board you would find that members of the taxi associations on the ground might not be fully 100% on board and it's something which we have picked up and on a quarterly basis we try to call all the taxi association members to try to give them progress as well as try to elevate some of the
5 disagreements that they may have with their municipality. This taxi negotiating forum has team of experts which are appointed by the municipality to assist them to negotiate with us as we talk on issues of compensation, the contract options because we wanted to level the playing field in terms of negotiating with them. So they do have experts ranging from
10 financial advisors, legal as well as transport experts assisting them to craft a contract with the municipality as well as the operationalisation of the bus operating company. Remember this company would need to be owned and operated by the taxi industry which would come from existing operators so this company needs to be fully capacitated as well as to be able to run this
15 bus operating company.

I decided to just take the questions as they are and try to address them as they are from the briefing that we have got so some of the questions included the licensing function of municipalities from province. So yes, in Rustenburg the long time strategy is to establish municipal regulatory entity
20 although there is no local or in South Africa we haven't seen this function been really taken over by local municipality and we are not distancing ourselves from the issue, it is part of our long term strategy in terms of the integrated transport plan. In fact, one of the studies we would be taking up this financial year is the Section 78 study in terms of the Municipalities Act
25 where you look at the appropriate mechanism of rendering transport

services. Now that Section 78 would inform the long term strategy in terms of business processes and staff migration from the provincial department in terms of looking at how does the municipality would be physically able to run that function on a day to day basis.

5 Issues of revenue sharing, if you look at what the province is funding out of those operating license revenue, how is the revenue going to be shared with the municipality if we take over that licensing function and we are of the view that municipalities in fact would be in more control of regulating and looking at issues of competition within its area of operation in terms of the
10 number of licences issues to try to mitigate the issue of overcrowding the market as well as how do you then issue licensing and operating license to a route that the municipality has already taken over in an IPTN service so we are of the view that this licensing function would put municipality in a greater position to regulate competition as well as curb overtrading within
15 the routes.

On the first light, apologies, if you go back, the other question related to what resources would the municipality require and of course as I did say, the municipality would be in a relevant position to look at issues of competition and overcrowding, especially Rustenburg. If you look at
20 Rustenburg compared to other metros they would have had a bus operating service in the form of a Metro bus for example in Johannesburg and Tshwane they did have a Tshwane bus service so they would to some extent already have established a department which looks at transport and for Rustenburg it's quite a new service that the municipality would be
25 rendering a transport service hence the need to go into a full investigation of

a service delivery model for Rustenburg so you are looking at a municipality that didn't have traditional bus operating before this BRT so the municipality would need to look at the business processes as well as the staff compliment and the establishment of a municipal entity as in urgency to regulate operating licenses.

Are the current measures undertaken by the municipality to identify public transport sufficient. So we are saying improvement can be done through competitive public transport options which can be promoted by the municipality so if you are looking at introducing a bus service for example like the RRT you would want to put in by-laws as with this other strategies that would promote public transport over private motor vehicle transport for example so yes, as Rustenburg we are looking into the long term interventions to say how then do we curb the growth of private motor vehicle and promote public transport. So municipalities, if they would have a mandate to promote their own services over private public transport as well if they are given over that function from the province.

On the next light, yes, allegations that the routes are outdated, are not responsive to the needs and changes of commuters, when the BRT started in South Africa, the mandate of the municipalities was to say, look at how you can improve public transport infrastructure in your areas and this IPTN should be competitive and be attractive to your private motor user so you can attract the market from and also curb congestion in your city as you implement this project. So corridors were selected based on potentially high patronage, we also looked at issues of how can we leverage on issues of special transformation and make an impact in terms of the public transport

quality to majority of residents. However, the context on the ground and experience has shown that BRT may not be the answer in Rustenburg and other cities whom are implementing this public transport service. However, there is a need to also look at how do we transform public transport across

5 all cities and these are cities which are earmarked to be the centres of attraction in terms of opportunities. People are moving to cities, people are moving from your rural areas and looking for more opportunities in cities so there is a need to look at how do we then accommodate the growth in this cities. So one of the areas which was identified it was public transport and

10 also how do we then show that this quality public transport system is able to respond to the needs of the commuters so integrating planning and stakeholder engagement is critical in all areas of Government and external parties. I think external engagement was done in Rustenburg in looking at all the stakeholders that have been involved, however, when you come to

15 issues of construction we have had a lot of engagements with a lot of business whom have raised concerns around the infrastructure that takes time to implement as well as the cost of the infrastructure that we are implementing. However, as Rustenburg we are still of the view that the project really plays a role both with the near future and the long term

20 objectives of the municipality in the sense that as and when the city grows, there needs to be infrastructure that is ready to accommodate the growth as well as the basis for the special transformation and the context which you want to bring people closer to those corridors in order to attract patronage to the system. So, yes we still maintain that the Rustenburg rapid transport

25 remains a critical infrastructure that would shape both the short-term and

the long term objectives of the municipality in a number of areas including the public transport itself, special transformation as well as providing a quality public transport service to residents in Rustenburg.

Ja, look, I would provide more detail in terms of some of the questions as I did say but when I look through the questions I did try to make brief responses to the questions.

What is the current status in as far as the implementation of the proposed IRPTN? We are expecting first services in 2019 and I have indicated that the infrastructure took quite sometime to implement because of other services that have been part of the project. It's not only the roads infrastructure, the other services have included electricity, water, sewer network as well as other services as part of the infrastructure. We have had a lot of challenges, the infrastructure programme has taken more time than anticipated to implement based on other services that have been implemented.

The full buy-in of all stakeholders, I must confess that although majority of the taxi industry in Rustenburg is quite for the project than pro the project, you still find some members who are really not having the full buy-in in terms of the participation within the RRT system. We have had a challenge from the business sector where some objections have been raised against the municipality on some of the town planning issues which the municipality has since undertaken to resolve. Such issues relate to the stations in the CBD which were not in line with the town planning scheme so the municipality had to undergo a re-zoning process in order to establish those

stations in the CBD. Yes, I did look at the fact that it is important for us to look at the long term strategy in terms of the IPTN. Now the proof of the pudding in terms of these IPTN's is to what extent are you able to recover costs or are you able to cover costs from the fare box as the people pay for the transport system. To what extent are you able to use those revenues to cover your operational costs so in South Africa only Cape Town is the highest municipality which covers only up to 50% of their operational from their fare box. Now, I always say a taxi operator is the only transport service which is able to make profit. I mean a taxi can make far more trips than a bus. It runs along one route, is able to go back and forth with 4 passengers. It is able to have standing times at the taxi rank for as many hours as possible until there is capacity or there is enough frequencies for it to go out again into the routes. Now if you start to introduce a public transport service that includes median stations, this quality buses and you want to have a scheduled service which has more frequencies, you are indeed likely to have more operational cost that would be more than if that same route was being operated by a taxi. So in Cape Town they are covering up to 50% of their operational costs from the fare box and the other 50% is from the grant which subsidises both the operational costs of running the buses as well as the maintenance of the infrastructure. So yes, in Rustenburg we are foreseeing that situation where you would continue to have the need of the operational subsidy in order to run that service so the view has been over and above the infrastructure that has been implemented. We need to look at reasons why we need to implement more infrastructure first if the densities are there and we would long time views to commission as much services as

possible with as little infrastructure as possible. To have the patronage and the more fare revenue to cover the operational cost. So this Section 78 study would look at the operational efficiencies in the transport department to look at the most appropriate mechanism to render this public transport
5 system in Rustenburg.

So when I looked at the transformation issues and what are the existing bottlenecks across the value chain. I think from a Government perspective there are a lot of supply chain red tape which you would have a lot of transport sector operators trying to say look, this project is meant for us so
10 they would always come with a view that they need to be part of the infrastructure implementation, they need to be the main role players in rendering infrastructure and as the municipality you need to satisfy supply chain regulations so it might not be as easy to maybe contain all the opportunities for the taxi industry so supply chain issues say you always
15 need to go out in the market to procure the best available and competitive contractors on the ground and it may not be relatively easy to make those opportunities available to existing operators.

We have also looked at a challenge where you need to balance between empowering local SMME's while advancing the transforming local operators
20 so some of the local SMME's would argue that this project is not only a transport project, it is actually for all communities so we have tried to strike a balance between empowering local SMME's as well as local operators as well. However, the view of the municipality has been that during the infrastructure implementation the opportunity should be open to everybody,
25 however, if you look at the role the taxi industry is playing currently, they are

playing an operational role and we have said and also council has approved a value chain proposal to the taxi industry to say we will look at opportunities on the RRT at the operational phase where you look at firstly the bus operating company, that bus operating company would have a
5 contract with the municipality to play an operator role, however there are other opportunities which would emanate from such a system such as cleaning, maintenance, security of the system and that's where we see a role of the taxi operator to say yes, we can negotiate with you to some level to say, how do we then let the taxi operator into that space of assisting the
10 municipality to operate the system looking at those areas of empowerment as well as I did say security, cleaning and maintenance of the buses and already the discussions are that the taxi industry companies should come into that space as a form of transformation into the taxi industry.

One of the questions yes, the sustainability of BRT since malacities. As I did
15 allude to earlier only Cape Town is able to cover at least the highest operational cost from the system up to 50% however, the discussions are that we need to know how we then minimise, especially on the infrastructure cost on the BRT's because once you commission the systems you are attracting a lot of operational cost that would have otherwise not been
20 carried by the municipality if they were not implemented in the system but however, issues of patronage should be optimised, that's why you look at how do you bring upon closure to corridors. I like building new RDP's and development far away from the corridors. You should look at identifying land and trying to prioritise that land for densification as well as mixed use,
25 issues of transitory and tainted demand along those corridors so in

Rustenburg the way has been, let's minimise in future the infrastructure cost but we should optimise and try to densify all the corridors that have been built in Rustenburg.

The other views that the subsidised public transport services are provided to
5 limited few so if you look at the long term view or the long term is yes to indeed cater up to 80% of the population in Rustenburg but that would take time and a lot of planning to do that, however, the reality is that we would still remain with the subsidised transport services provided to a limited few and the extent to which we are able to reach really the co-beneficiaries
10 which are people who are spending a lot of money on public transport would be reached far later so the balance here is to also try to reach the people who need the public transport as much as possible while also trying to minimise on the operational cost of the system. So yes, intent is to make the public transport accessible to as many residents as possible, however, also
15 optimising and minimising the operational cost of such a system and I must say in Rustenburg we are of the view that in the absence of a lot of competing services, for example in Johannesburg you would find Putco, you would find Rea Vaya, Metro Bus, taxi services themselves competing in one route so in Rustenburg we are fortunate to only have taxis and buses. Now
20 the plan is to absorb as many bus routes for Bojanala Bus and as many existing taxi routes into the bus operating company so that that market is serviced by the RRT system. Now that puts the municipality in quite a fair advantage in that there would only be one operator essentially irrespective of a vehicle that is being used. In Rustenburg we are going with standard
25 buses as well as taxi fleet under one bus operating company. So the plan is

to absorb as many operators as possible into the bus operating company so that you eliminate competition. So we hope and plan to absorb as many existing or as many routes as possible into the system so that we are able to optimise and sustain the system as possible.

5 **CHAIRPERSON**: Ja Mr Moleele, just sorry to interrupt you. We have a slight challenge in terms of time. I just need an indication how long are you going to need just to finalise the presentation because I think the main challenge now is that we still have to put questions to you and at the same time take the lunch adjournment.

10 **MR. MOLEELE**: No problem, it is actually last two slides.

CHAIRPERSON: And how long will you need with those two slides?

MR. MOLEELE: Two minutes.

CHAIRPERSON: Thank you. You may proceed.

15 **MR. MOLEELE**: I will skip this one, perhaps members will get the presentation and look at some of the thought we have from Rustenburg to think about and just on the last light we wanted to highlight some of the challenges in relation to wider projects is taking such time and the objectives of the project. We have heard a lot of objections I think I did allude to with regards to construction in the CBD which you are currently
20 advancing. There were issues with land acquisition for the depots for the municipality. We also took sometime because of the financial mismatch between infrastructure development and allocations so you can only get certain funding to build a certain road in the financial year and we had to split that into a number financial years in order for us to complete various

infrastructure mandates. One of the challenges with regards to this IPTN is the extent to which the services looking at the internal transport systems which aim to make the system safer and more efficient. They are quite costly if you look at the experience of other cities which are already
5 operating these systems.

We had operational delays because we had to complete a significant portion of the infrastructure before we can operationalise the system. Some of the challenges included the community disruptions and protests. Early in the year you would have seen the strikes and the community disruptions that
10 we have in Rustenburg that made us have few delays in relation to constructions as well. So in an essence Chair, that is where we are with regards to Rustenburg. We have tried to allude to some of the questions and we hope to still make written submissions in relation to the questions that have been asked by the Commission as well.

15 **CHAIRPERSON**: Thank you Mr Moleele for your presentation. Gentlemen, the law of prioritisation will now kick in. You will have to prioritise your questions because we don't have much time. I think we intend the lunch adjournment at least at around 1:20 so we don't have much time because we have been told there is a cut off time. If we don't take lunch at that cut-off
20 time then the plates will go back to the kitchen so you will really have to prioritise your questions.

MR. LESOFE: Thank you Chair, indeed I shall prioritise, I wouldn't want to deny people lunch. Thank you for such a comprehensive presentation and I am just going to focus on BRT and my first question will be just it will be

based on the performance of the system in areas where it has been implemented and I think you have alluded to some of the issues but generally there are concerns about the performance of the system, especially in Gauteng, both in Johannesburg and Tshwane. Some of the concerns that have been raised is that the system struggles to increase driver ship and to reduce costs. Another concern is that the system's fare revenue is substantially low, I think you have also acknowledged this point except in the Western Cape. It is also a concern but it is better in comparison to Gauteng. There has also been a concern that the BRT subsidies are too high and have not produced positive results, in other words, there does not seem to be a value for money and I think it is within this context that the former Minister of Transport, Minister Joe Maswanganyi, raised a view that it is necessary for a rethink and possible a redesign of the system. Now from your presentation it appears that the Rustenburg Municipality largely follows the approach that has been followed in Gauteng as well as in the Western Cape as part of its implementation of the system and my question then is, are you not concerned that you will at some point face the same challenges and the main challenge being the issue of ridership because if you don't have enough numbers, it means you won't generate enough revenue. Now, this is a big problem. If this is a big problem in a city such as Johannesburg and Tshwane, is that not likely to be a problem in Rustenburg as well?

MR. MOLEELE: Thanks Chair. Well, I must confess that that is a worry for Rustenburg and I am glad usually when I say this I look at the audience first

and I am glad my boss is not here so that I can perhaps also on my personal capacity do some thoughts.

CHAIRPERSON: You are on U-tube, you are live.

MR. MOLEELE: Yes look, unfortunately also you know when the project
5 started the mandate on municipalities wasn't clear and I think from the
Department of Transport over the last two or three years, the mandate
started to be clarified in relation to what is the view of the department. I must
say back when the system started, every city weren't too excited with
regards to how they view public transport transformation within their areas
10 and yes, we started with the project in 2012 and some of the dissidents
were taken on the time were based on the growth of the city at the time, the
plans of the city at the time and perhaps those benefits have not really
filtered through but in Rustenburg one of the strong points we have is of
course the competition in the roads so we are confident that with the
15 numbers, so if you look at the numbers we have about 84% of the work trips
been made by public transport and that's about a 100,000 passenger trips in
Rustenburg and we have only selected those routes which have the high
patronage as well as potential for future expansion. The plan for the
municipality is try to densify as well as create a lot of investment
20 opportunities along those corridors to attract patronage at those corridors so
yes there is potential for Rustenburg, there is potential for more
densification and those are the critical areas where we need to improve in
order to try to make the system sustainable. Yes, most of the municipalities
follow the model of Johannesburg and Cape Town when they started with
25 the BRT's however it is not a given that if you are municipality fund out of

this grant you should implement a BRT. Other cities which are slightly behind like Mangaung and Nelspruit are looking into alternatives in terms of how do they minimise the infrastructure capital investment but still try to some extent introduce a public transport service so as I did say, the view is
5 that we need going forward to minimise on the infrastructure, however we are confident that we will be able to maximise and optimise on the infrastructure going forward that has already been implemented but the view going forward is to try to minimise on those cost drivers of the system to try to make the current infrastructure system as optimised as possible. So the
10 ridership I know every municipality would always have this high expectation of ridership but the main drivers of capturing the ridership is to try to bring people closer to the corridors as well as trying to make the system as affordable and as attractive as possible and that is the plan for Rustenburg.

MR. LESOFE: Thank you, now, in terms of just to understand the role to be
15 played by the city once the system is running. Firstly would the city hold any shares in the BOC?

MR. MOLEELE: No, so all shares are owned by the affected taxi operators as well as bus operator and the reason for that is in terms of the NLTA Act where it says in your rationalisation and improvement of a public transport
20 you need to look at the participation of existing operators in your area and try to accommodate them as far as possible so the municipality won't own any shares in that company, the municipality play an oversight role. Now an oversight role means you are looking if this company is achieving its service level agreements as signed between them and the municipality. The
25 municipality would collect all the fares so when a passenger comes into a

station or a bus, when they pay, they first go into the municipality. The municipality would out of the fare box and the subsidy that is coming, compensate the bus operator for the profit that they would have made if they were a taxi operator as well as the operational cost of the bus
5 operating company so the municipality does not own any share, they are wholly owned by the taxi operator and the bus operator.

MR. LESOFE: And you mentioned that the process of procuring buses has started. Is that process handled or led by the municipality?

MR. MOLEELE: So there are sub committees or an arrangement that has
10 been made with the taxi operators to negotiate on the issues of the bus procurement. Now the municipality entered into agreements with the taxi operators to say we would in the interim have a representative in the Board in the management of the bus operating company until such time that the negotiations are concluded and the twelve year contract has been signed.
15 So in the interim we do have a representative from the municipality holding a seat at the shareholder level as well as the management level of the bus operating company but that position would soon fade away when the company is fully capacitated and the municipality is satisfied that the bus operator company has full management as well as operational capacity to
20 run the bus operating company on their own.

MR. LESOFE: And you mentioned that there are experts that have been appointed to assist the bus operators where operators involved in their appointment of the expects.

MR. MOLEELE: Yes when we started with the procurement of their technical advisors we developed the terms of reference together with them to say this is the capacity you will need as we negotiate, they approved the terms of reference, however, the municipality still followed its supply chain
5 management processes to procure those services on behalf of the taxi industry. So that team of experts is fully responsible or reports to the taxi industry to show that their mandate is advanced in the participation on the RRT, the municipality monitors if they are achieving the milestones that have been agreed to with the taxi industry.

10 **MR. LESOFE**: To the extent that these advisors will assist the operators, for instance in negotiations, don't you think the municipality is a bit conflicted here because on the other hand it's the chief negotiator for Government, on the other hand it appoints people who should assist the industry to negotiate.

15 **MR. MOLEELE**: Ja well one could view it in that way but as the municipality we take responsibility in terms of providing them with capacity. There is a memorandum of understanding signed between the municipality and the taxi operator and one of the responsibility of the municipality is to provide
20 day to day operational requirements such as an office and those experts to ensure that they have capacity to negotiate with the municipality and also to level the table as we negotiate to say yes, this is our view as the taxi industry and the municipality has ensured that the taxi industry is fully mandated and capacitated to negotiate with us. We do not intervene in
25 relation to the discussion so they do have an opportunity to negotiate with

the municipality on a number of issues even beyond the [indistinct] itself and that has proven to give enough capacity and opportunities that the taxi industry is bringing to the table to negotiate with the municipality, however we look at if their technical team is meeting its milestones as agreed to so
5 that six step industry transition process is broadly what the industry should achieve, a contract with the municipality, compensation, job opportunities, issues of value chain so we look at broadly those milestones however on a day to basis those technical advisors report to the taxi industry and are held accountable by the taxi industry as well.

10 **MR LESOFE**: Were any of the technical aspects or advisors involved in the implementation of BRT in other cities?

MR MOLEELE: Yes, unfortunately that's the reality, especially when you look at BRT there seems to be a lot of limited skills around an experience around the core issues if you look at the implementation of BRT so yes they
15 were involved in the city of Johannesburg.

MR LESOFE: How many experts are we talking about here?

MR MOLEELE: It's a company which has been provided with the terms of reference from legal to finance to transport experts to all areas you can think of and that company is responsible to provide all those skills as required in
20 terms of the terms of reference.

MR. LESOFE: Chair, I am really constraint in terms of time and there are...

CHAIRPERSON: Ja indeed, you may ask the last one so that we also give colleagues an opportunity.

MR. LESOFE: I also wanted to discuss with you the compensation model. I think you mentioned that there is a framework that is being followed. If you could just expand on that just for us to understand the compensation model and perhaps let's start there.

5 **MR. MOLEELE**: In terms of the National Land Transport Act as I did allude to, we are quiet to negotiate with public transport operators in the areas that we are implementing the RRT. Now, as I did say, we are negotiating with them to give out their vehicles and operating license in favour of the RRT system. To this end we have agreed with them in principal how many roads
10 are affected within each association. We have also agreed with them the compensation model in relation to so a taxi operator would be given two options. When you give out your vehicle and your operating license you would be given the opportunity to be fully compensated for the 12 year periods in terms of the current Act we can negotiate up to 12 years so we
15 have done extensive surveys to know how many taxis are in each route and basically how much they make on each route on a given day. Now those surveys would inform how much compensation would be given out to a taxi operator who has a valid taxi operating license as well as a vehicle. We are aware of some of the issues which are on the ground where a taxi operator
20 would apply for an operating license and then start to pirate without necessarily having received the operating license itself and those are some of the issues which have been addressed in the compensation agreement. Now ideally a member in good standing of an association should come with their valid operating license and a vehicle to be considered for
25 compensation. If that's the case you would given two options, either you

take the full compensation for the 12 year period or you take shares in the bus operating company. Now for example Tshwane paid about R800,000 per taxi per license [indistinct] a 12 year period in the recent service so if you come with a vehicle and an operating license you can have either

5 R800,000 paid directly to you now or you take shares maybe worth 2% share in the bus operating company and this shares are based on the value of the business that you would have had if you had a taxi business so one operator would come with one taxi, one would come with 20 taxis so that means one would have shares worth about one taxi for 12 years, one would

10 have shares worth about 20 taxis if you have 20 taxis which maybe can be 20% within that bus operating company. However, experience has shown that if you give out take full compensation at the beginning of the contract some of the taxi operators in other cities, Johannesburg and Cape Town within the three to four year period they would have already all that capital

15 for something else. So in Rustenburg we have said in the spirit of trying to empower taxi operators, we are only going to offer you 50% compensation so if your business is worth R800,000 we are going to offer you R400,000 compensation, the other 50% you are required to take it in the form of shares within the company. That is because we want to ensure that there is

20 still sustainable and the livelihood of the taxi operators because not all of them would be able to sustain themselves if they are taken out completely or compensated out completely so those are the two options, full shares up to 50% share in the BOC and 50% pay-out as compensation at the beginning of the contract. There are those who are interested in taking full

25 ownership for the value of the business, take up shares within the bus

operating company in terms of their full business and that's something that the municipalities advancing because we may not have all the budget to compensate as many operators as possible so when you amortise that over the duration of the contract you are able to cut the cost of compensation and
5 amortise them over a longer period and obviously that contract needs to be attractive to the taxi operator in a sense that they need to actually make more margin that they would have made also in the spirit of transformation than they would have made through their taxi operators and experience has also shown that in Rea Vaya the taxi operators which migrated into the BOC
10 are far more less better of than they were when they had a taxi business so we are hoping that we will be able to achieve that in Rustenburg and also one of the critical components of the system is the re-capitalisation as well so some of those taxis would either be scrapped or be fitted into the model itself so if you have a fail in your vehicle that you bought over the last two
15 years, you have an opportunity to lease that taxi through the bus operating company to continue to operate under the bus operating company and that is why we are saying, formalisation doesn't only include introduction of the buses. Also as a taxi operator you have an opportunity to lease your vehicle under the BOC to continue to make that profit through a more formalised
20 structure.

CHAIRPERSON: Ja Mr Lesofe, you can just one extra question.

MR. LESOFE: The issue of the 12 year contract appears to be at least in the eyes of taxi operators a problematic issue in a sense that these are people who have been running their businesses for many years. Now they
25 are now given the opportunity to be part of the BOC or VOC for 12 years

and after that 10 it is not guaranteed whether they will get another 12 year period because the city is likely to follow a tender process. Have your received these concerns because these are concerns that have been raised in other cities and at this stage there does not seem to be a solution to that
5 and I think in one of the cities this has been described as a ticking bomb. Just to get your thoughts on that and even in this regard you are following the same approach as it has been followed in other provinces taking into account that this has been raised as a time bomb.

CHAIRPERSON: Ja, before you answer that question, I will just like to invite
10 all the colleagues just to also take up with you some of the additional concerns with the model so that you just respond to all the concerns and we also can save time.

MR. NGOBENI: I just have one I think in the interest of time. I think in our response to Mr Lesofe's question, can you also maybe indicate how you
15 plan to deal with the dividends, the frequency of the dividends that you are going to declare as we understand the taxi industry was used to getting money or most like on a daily basis and what informs a dividend policy, is it quarterly, once every year and the like?

MS. NONTOMBANA: Mine is with the infrastructure, whether there will be
20 opportunities to share infrastructure among the different modes of transport because that has been raised as an issue, for example the use of dedicated lanes which are not available to other modes of transport.

CHAIRPERSON: Mr Ngobeni, you may also add to the concerns I think on the issue of dividends just to give further context to the concern, the concern

really is that the dividends come much much later and even if they come they are simply not adequate resulting in some of the taxi operators as we have heard in Cape Town actually re-entering the taxi industry because in their remuneration in the form of dividends it's simply not sufficient to

5 sustain them and one additional concern has also been the lack of involvement by taxi operators who are part of the BOC's in actually in various management aspects in relation to the entire project from revenue collection, fare determination as well as involvement in various aspects of the entire BRT value chain has also been raised as a concern with the

10 project. And in addition the corridors that you have chosen which is the two corridors, Kanana to the CBD, I mean from Phokeng to the CBD as well as Kanana to the CBD. Is your model based on the substitution or the replacement of either buses and taxis which were servicing these routes and the BRT vehicles or does the model envisage the BRT vehicles

15 operating in parallel with the existing taxis as well as buses which are servicing these routes and in addition I just want to understand why you chose to introduce BRT to these routes in other words where the pre-existing operators both mini bus taxi operators as well as bus operators, if they were servicing these routes, why the need if already you have

20 operators who are servicing these, what is the value at that the BRT model is going to bring in terms of the service to this specific routes that you have identified?

MR. MOLEELE: Thank you Chair. On the first question, 12 year contract, what happens after I do not have an answer. So Johannesburg would be

25 the first municipality to have bus operators in the first 12 year period ends in

2021 so ideally speaking within the next 15 years you would have about 12 bus operating contract with 12 year experience whom would have had the opportunity to operate the BRT for at least 12 years. Now the initial view of the department or perhaps the municipality was to say for the first 12 years
5 because we are aware of the fact that we can't go out on tender to want a bus operator, so the taxi industry would be side-lined, it would be won by maybe an experienced operator in the form of UniTrans or Putco but however, they said let's assist the existing operators to formalise themselves, transform themselves for a period of up to 12 years and after
10 that 12 year contract there would be a tender process to procure a bus operator. Now that is still out there for discussion of what really happens after the 12 years. The assumption is that all the operators would be in a position and capacitated enough to undergo a normal tender process where they would eventually be in a position to be capable to render such a
15 service so I know it is not an answer but the intent for the first 12 years is really to assist and to transform existing operators to bring them up to a level where they are capacitated and experienced enough for in future if there is a need to go in a competitive market to acquire such a service and we hope they would be in a position incapacitated enough to compete for
20 such services from Government.

And the story of dividends is quite a hard one because different cities are doing it differently so what is the municipalities' role? You implement the infrastructure, maintain it and go in the market and say I want somebody to go and offer this service on my behalf. However, as I did allude to earlier,
25 you are not able to do that, you help this taxi industry and the bus operators

in your area to form one inclusive entity that they would operate those routes, however, you still need to ensure that the taxi operator, it's their livelihood, it's their income, so other municipalities have in fact said let's look at what are the operational cost of you to run that entity so you

5 subsidise them to cover the full operational cost of running the service, the buses, the drivers, the HR, everything that is required within the company, however you are also required to also compensate them for the monies that they would have made if I had a taxi so if I had a taxi for example in Tlhabane Taxi Association, a taxi operator would make R1,600 per day and

10 then perhaps you could say about 50% of that revenue are for petrol, the driver and things like that. So you remain with R600 profit per day. You calculate that into a month, into a year, into 7 years or 12 years and you say this is how much your business is worth. So, other municipalities have in fact said we will only, and this is the view of Rustenburg as well, subsidise

15 the bus operating company in terms of their operational cost and compensate the taxi association outside of the bus operating company. Now why is that because if you were to declare dividends out of the same bus operating company, they may not declare profit enough for all the shareholders to be able to be compensated for their business that they had.

20 Now the main objective is to cover as much as possible the operational cost of running the bus service and the compensation is paid directly to the taxi association and that is in full and only the profit because the revenue and the cost would have been covered under the bus operating company. So you only compensate directly the taxi association for the profit that you

25 would have made directly to the taxi operator. So in Cape Town you have

this taxi owned, they call them taxi operator investment company, something like that. So those are the companies receiving profit directly from the authority the municipality outside the bus operating company. It's important because and it is mainly on a monthly basis. Unfortunately we
5 can't pay day to day because you need to have a period where you come and collect the fares and compensate the taxi industry. So the dividends the company only breaks even, declares a loss and the compensation is paid directly to the taxi association for those routes, for only the market share that you have taken. So for example, Tlhabane Taxi Association we are
10 taking all the routes. There is one taxi association called Rustenburg Rata. It gets a few routes within the city, it has routes going beyond the network so you will only compensate for all those routes within the network.

I didn't get the question, the infrastructure cost?

MS. NONTOMBANA: The question was what will be the shared
15 infrastructure in terms of the other modes of transport so this is based on concerns that have been raised that there would be dedicated lanes for example for BRT which would not be accessed by other operators, particularly the taxi operators. Well the question is whether there is any intention to share any infrastructure at all that would have been developed
20 as part of the BRT.

CHAIRPERSON: Ja, I think this ties with the question on whether the BRT routes or the model that you have in Rustenburg is aimed at substitution of the other modes or will operate in parallel with the other modes.

MR. MOLEELE: Okay so the plan in Rustenburg as I have alluded to earlier, we have an opportunity to capture as much as possible the existing market in terms of public transport commuters. So maybe in simple terms the answer to that is yes, we want to capture and to buy out as many as possible existing operators into the bus operating company. Now why is that important? Institutionally you are able to issue the licenses of operation under one entity so irrespective of whether you are servicing your route with either a bus or a taxi and we are open to that model to say we cannot operate all routes with a bus. Somewhere deep in Tlhabane, a bus may not be physically able to go into those areas, however, we are saying in the event that that route is serviced through a smaller vehicle, either a Quantum taxi or a mini bus, that vehicle needs to be under the bus operating company. Institutionally it makes sense to have mixed fleet where in your less busy times during the day of peak times you are able to commission smaller vehicles. In the peak you are able to commission high occupancy vehicles in the form of buses so whether within any area those routes are taken over under the RRT, we are having flexibility in terms of the vehicle type that would be operating that area.

So, the issue of compensation or competition would also be mitigated by this in the sense that all those taxis and buses operating within those areas would really be under one operator and not necessarily competing. We foresee a stage where yes, there would be issues where you have, for example, if you go out of Tlhabane, out of the CBD into Phokeng you would still have taxis going beyond Phokeng into other areas, Ledig, Sun City and things like that, however, and this is where PRI comes in where the existing

operating license need to be amended to say where the RRT operates you are not allowed to pick up passengers because that is a route serviced under the RRT. However a taxi might still be able to drive out of Rustenburg and we have indicated to the Department to say all those operators whose
5 license allow them to pick up passengers as they leave or as they come in, they may not be allowed to do that because you would come from the original point of destination, Madikwe, Marikana or whatever straight into the CBD and some taxi associations they already have that where you come in from Johannesburg for example, you are not allowed to pick up passengers
10 as you go into the CBD so that will still apply. So not really competing services but different vehicle types around those areas and the infrastructure would be shared if a vehicle belongs to the bus operating company as well so all those lanes would be used by either a taxi or a bus operating but that is part of the bus operating company, not any other taxi
15 as well.

So if you look at the role of municipality in this BRT, we are to really create a space for the operators to come in. There is only oversight that the municipality place and that is the reason why we are collecting fares on behalf of them so out of this port, so that port would be funded by fare
20 collection, the subsidy, also we are supposed to charge for parking, charge for property rates if you live next to a station for example, your property is more attractive in that you are closer to a station, you are closer to public transport service so all of those rates and funds and fares should come into the port where the municipality looks at how they then separate the funds to
25 maintenance of the infrastructure to running of the bus operating company

that is funded from all this rates, parking, property rates, the subsidy as well as the fares. So that is why the municipality comes in to play this based of an oversight entity in I heard you talking about the lack of role of the taxi industry in fare collection as well as management of infrastructure. The
5 infrastructure belongs to the municipality. As you did say earlier on after 12 years if the municipality goes out on tender they would say, we have the following infrastructure, we have the following requirements, the schedules, the frequencies and somebody would then need to come in and say yes, I have the buses, I have the capacity, I have the facilities to run this and that
10 is why the municipality remains to be playing oversight and not be part of the operations.

CHAIRPERSON: We now have to really wrap up.

MR. MOLEELE: No problem. Look, maybe as I conclude, the critical role players in this project remains the taxi industry and the critical challenge for
15 the municipality remains to what extent they are able to make the system as sustainable as possible and part of the mandate of the municipality is to say how do we bring people closer as much as possible to those corridors to ensure that the systems are sustainable and we think Rustenburg has that opportunity to bring people closer to those corridors, we have an opportunity
20 to transform the taxi industry in the process and also to transform our special form in terms of how, where are people living and where are people travelling to. So in Rustenburg for example, there is a huge reliance in public transport and most of the mines do have their own transport that takes people from their residence to the mines. There are already
25 discussions to say how do we capture that market as well to render that

service on behalf of the mines because we are entering a space where we say we want to render transport service so I think in future if you really want to know the relevance of this project in Rustenburg, you would need to judge it in terms of how has the city transformed in terms of specially what
5 are the numbers that we are carrying, are we really [indistinct] in terms of patronage. Maybe not to name drop, Tshwane is only carrying about 3,000 people per day on their system, on their arean system and we are envisaging in Rustenburg at least to raise that capacity up to 100,000 passenger trips per day covering 65% of the cost of the running the system
10 so we only need 35% of the subsidy, however, the proof is in the pudding. From next year we would start to operate this long awaited bus service and hope that majority of the commuters in Rustenburg would be attracted enough to use this system in Rustenburg and that is really what we are trying to achieve in Rustenburg and we hope that we would be in a more
15 favourable position than other cities because we want to capture the existing market and formalise it as much as possible.

CHAIRPERSON: Thank you very much Mr Moleele, we will definitely have some follow-up questions because this is a very important city and the project itself it's a very important one. We would like to thank you for your
20 time and for a very detailed presentation. Thank you very much, you are excused. We will now take a very short lunch adjournment and we would be back at 2:15 pm to receive a submission from Theresa Manchik and Mr Baduka Malengwa at 2:15 pm. Lunch will be served in the hotel restaurant, everybody is welcome to join us for lunch.

Session 3

CHAIRPERSON: Welcome back, we will now receive a presentation from the Uber and Taxify drivers. Welcome lady and gentleman. There is a piece of paper in front of you, if you could take the oath or the affirmation. Please switch
5 on your mics as you do so. You can go ahead whoever is ready to. No, you don't have to stand. You can remain seated.

MS. MUNCHIK: Hi, my name is Theresa Munchik and I swear the evidence that I shall give will be the truth, the whole truth, so help me God.

CHAIRPERSON: Thank you very much Ms. Munchik. If you could start by
10 stating which organization you represent and what your role is in the organization.

MS. MUNCHIK: I am from an organization called The Movement and we are an advocacy group for Uber and Taxify drivers and I am joined by my colleagues Emmanuel Matwa and Zweli Ngwenya and Nhlanhla Nkosi. So, we
15 are here as a group, but I will be making the presentation.

CHAIRPERSON: That's fine. Maybe before you start we can also just have them take the oath or the affirmation so that in case they want to add to what you have to say. There should be a mic in front of you, if you can just take the oath or the affirmation.

20 **MR. NGWENYA:** I Zweli Ngwenya, swear the evidence that I shall give will be the truth, the whole truth, so help me God.

CHAIRPERSON: Thank you Mr. Ngwenya.

MR. MATWA: I Emmanuel Matwa, swear the evidence that I shall give will be the truth, the whole truth, so help me God.

CHAIRPERSON: Thank you, Mr. Matwa.

MR. NKOSI: I Nhlanhla Nkosi, swear that the evidence that I shall give will be
5 the truth, the whole truth, so help me God.

CHAIRPERSON: Thank you Mr. Nkosi. Ms. Munchik, you can proceed with your presentation.

MS. MUNCHIK: First of all, I would like to apologize, I will be reading quite a lot of the presentation. We wanted to focus on a lot of facts and do as much
10 research as possible. So, we feel the key to the conflict lies in the regulation of the National Transport Bill. We would like to address some of the key regulatory pillars. One of them being quantity restriction, regulation of pricing and as well as working conditions which is largely influenced by the pricing. The Bill clearly states that supply quantity restrictions aims to control the supply vehicles that
15 can enter the market. There has been an influx of vehicles that have been on-boarded by e-hailing companies which has led to the market being saturated making it unsustainable for e-hailing companies and e-hailing operators and leading to operators having to work impossibly long hours to cover the targets. Granting of permits is one of the measures put in place to control the supply.
20 However, as permits have been stuck in the system we have no measure of how many permits have been granted and how much space there is for more vehicles. Although the number of applications for permits must be measured, we have no information available to us as operators to the status of permits that have already been applied. We know that an application does not necessarily

mean that a permit will be granted, however, we do need the facts made available to us, and also to the people that need to purchase vehicles with the idea to activate them on Uber and Taxify platforms. Because you know currently people are purchasing vehicles, they are unaware of the requirements and you know that is causing a lot of problems. So, we feel that this lack of transparency is one of the key factors in over-flooding of the market. There is also then the lack of knowledge of the requirements as I said before a vehicle is purchased. So, when people have purchased vehicles, they find out that they need to apply and this is leading to more vehicles being on the road without permits or receipts and it is also a problem because some people are purchasing fraudulent permits. A huge issue is that it has not been made clear to operators is that having a receipt does not mean that you are entitled to operate. It clearly states on the receipt that this does not allow you to carry passengers. As operators on e-hailing platforms, we were led to believe that by applying for a permit, we were operating within the scope of the law. However, for many operators it is only when the car is impounded that they realize that they are in fact operating illegally. Uber does pay for cars that have been impounded. However, most often the operators have to pay to get the car out and then be refunded. Often operators do not have funds available. Another issue is it generally takes 2-3 days to get the car released. This means that there is a loss of earnings for both the driver and the owner. Cape Town is particularly bad, there has been like 100s of vehicles being impounded. The 1st offense starts at R7500 and I think the 2nd offence is R9000. So, what we would like to propose is that a moratorium be placed on new applications for permits until the current backlog has been processed. As we have mentioned, there is no transparency

at how many permits have been granted and how many have been applied for. So, there is no way to assess the supply and demand. We feel that both the App companies, the big ones, there are other ones but we will talk about Uber and Taxify, must be transparent about the amount of vehicles that they have on-boarded and steps must also be taken to inform the public that there is a process and unless a permit has been granted, they should not purchase a car. The public should also be made aware of the necessary requirements to apply for a permit. For instance, tax clearance is required. A lot of people have not registered for tax or not up to date on their taxes. Then the amendment to the National Land Transport Act to accommodate e-hailing, we wonder whether it has indeed accommodated e-hailing and the way it operates. We say this for a number of reasons. First of all in the amendment the Bill, there is still ranking. E-hailing is unlike traditional meter taxis, it is the nearest vehicle that is requested, and we do not have ranks and starting points. It is also on this basis that the fares are different to traditional meter taxis as we don't have to use the fuel and time getting back to a certain rank or starting point.

If e-hailing do not have starting points, how will the municipalities measure supply and demand. The rates are directly related to this premise. It does specify in the National Transport Act that the Minister may regulate the fares. We are putting forward that the fares have to be regulated. This will address the issue of unfair competition and it will go a long way in doing so.

We would also like to present some figures to show that the money that we are making is not sustainable and in fact drivers are sometimes earning below minimum wage. Drivers are working incredibly long hours to try and make targets and are risking their safety, their health and their family life because of

unrealistic prices that are set by Uber in 2014 and have never been raised despite fuel increases, cost of living, entry level of cars. Taxify recently did increase their price per kilometre by 50c to match Uber. We are not suggesting collusion, but we are putting forward that a standard minimum rate be set to protect vehicle owners and drivers on all platforms. We are aware that fares need to remain attractive to users, but they should not be at the expense of South Africans being reduced to slave labour. The meter taxis were regulated in 2010 to R15 per kilometre and an R80 base fares. We propose that all operators, both e-hailing and metre taxis have an opportunity to put forward proposals which then can be put under consultation for all owners. We have heard of a fleet owner presenting to the Commission in Cape Town and we heard that he put forward that there is nothing wrong with the rates and because of our minimal kilometres together with surge or dynamic pricing. He also suggested that we should be looking at an hourly rate. We have put together a presentation that breaks down the fares which clearly illustrates that current rates are neither fare or sustainable. We will also evidence of drivers being online for hours and hours sometimes with no trips at all. We are not against looking into possibility of hourly rates. However, if there are no trips will Uber compensate us for waiting. Also, how will the rates translate when divided into vehicle costs, fuel related mileage, wages for the driver and profit for the owner. We don't see the logic in this at all.

Dynamic pricing should not be brought into the equation. He mentions that when there is an event at Cape Town stadium, there is surge pricing, but, our question is how often are there events at Cape Town stadium and there are 1000s of drivers in Cape Town and how many of them could possibly benefit in

one event. In fact, we can say that drivers benefit very rarely with surge pricing and definitely nothing significant. We think it will be impossible to argue that drivers are happy with their current earnings. We have done quite an extensive presentation in terms of actual earnings. So, we have given you one addendum
5 that has this on the cover page. These are actual figures from 2 drivers. One is an Uber X, we have done the workings out that if a driver is working on a percentage basis, which is 25% before Uber, so you will see that we have got the total earnings before Uber, 25%, the driver is 25%, fuel and what the partner or owner actually clears. In the 2nd column, we have done the same basic
10 outline for you, but this is with the driver working with a rental. So, what often happens with drivers is that they are renting cars from the owners who buy them because of a lot owners don't drive their own vehicles. So, what we did is we took a period of 4 months which we thought would give a fair idea. We started in April up to July. So, winter months are a little bit quieter, summer
15 months are not. So, that is on the 1st page. The 2nd page again, we took the real figures on an Uber Black car again breaking it down, the total earnings. Uber is 25%, the driver getting 25%, fuel and the balance to the partner. In the 2nd column, what we did is something slightly different because there are more owners that have black, so the Audis, Mercedes and BMWs that drive for
20 themselves, so obviously that adjusts the figures quite a lot because instead of paying the driver and collecting the money themselves.

So, what we did is a pie chart, I don't know if there is anyone operating the slideshow. So, if we can just go on that 1st slide. We call that Car A and it is an Uber X and adjust the figures quite a lot because of just paying the driver, they
25 are collecting that money themselves. Then what we did is a pie chart, I don't

know if there is someone operating the slideshow. Okay, so if we can go to the 1st slide. So, we have called this Car A and this is an Uber X and this is on driver working on 25% before Uber. As you can see we have done it over a 4-month period with a total average earnings being 30 000 in this case which in fact is rather high. So, the breakdown is that fuel is a huge proportion of the spend. Most drivers are spending between 1800 and 2300 on fuel.

Then the 2nd slide is again an Uber X with a rental equation. To be quite honest, looking at these figures, I had someone help me with this document. These figures do look on the high side. So, I must just no, I know it sounds unprofessional. I must check whether this is in fact these are the total earnings because generally I could say on an Uber X, we have done a breakdown but you know an average fare could be like 6000 a week before the deductions. But we have got the other stuff to substantiate and another document that gives some average figures that we have got from various fleet owners. So, you know you will be able to look at that. The following slide we have got Uber Black and this is again on the driver getting 25%. And the following slide is if someone is driving for himself. Then I would like to go back to the document that is in your folder. Here we have just illustrated for you kind of some rough ideas of cars, what you will be paying on instalments and insurance. So, Nissan Almera you could be looking at possibly an instalment of 4.6 R4600 and insurance of 4.4 R1400 .All of these figures we have done on taking them over a 5-year period with no deposit as most drivers can't afford deposit. So, what we have come in with the average Uber X is R5250 for the instalments, R1675 a month for the insurance, the total being R6925. The average black I would say the instalments are around R10000 and the insurance is about R3500 and the total

is R13 500. So, if you look at an Uber X, the pie chart which says R23 100 as total earnings for the month, the driver is getting R5700, fuel is R7500, instalments are R5200, insurance is 1600. So the balance left to the person that has purchased this car is R2840 which I am quite sure that you can understand
5 that very often people are running at a loss, that excludes maintenance and tyres if drivers have accidents, there is excess cars off the road for periods. So, I think that clearly illustrates that it is not a really a-feasible business.

Then we have gone down to the driver's income. So, if the driver is making R5775 monthly, this will equate to R1375 weekly, a driver is generally driving for
10 6 days a week for 12 to or 14 hours a day. Generally, I would say most drivers are doing at least a 70-hour week. So If we take R1375 per week and we divide it by 70 hours, we have got R19,64 per hour which is just touching on minimum wage. However, they do have cars. If you are on the road for 12-14 hours, you have got 1-2 meals a day, you have got your beverages, coffee, cold drink or
15 water, drivers also have to buy their data and airtime. So, we have estimated that it would be fair to say their costs are R100 a day and we have given a breakdown of how we have come to that figure. So, if you deduct the costs, we are left with R775 rand per week for the balance. And if you divide that by 70 hours we have got drivers who are effectively earning R11 per hour. So we
20 think its absolutely outrageous That drivers are risking their lives without getting paid and it's really shocking. There are some drivers who make more and especially they are renting a vehicle. If the figures go higher then it does make a bit difference but we do think from the research what we have done that this is a realistic average

We need to speak about safety. I know you might not feel that it falls into your scope but a lot of safety issues are pertaining directly to the fares. Also Uber introduced cash payments. Now, riders were not required to sign up with any identification. It led to a complete crisis and criminals are also taking advantage.

5 Basically, they order an Uber and then the Uber comes and they hijack or rob them. There have been drivers that have been stabbed, there has been drivers that actually had acid poured on them and there has been many murders. We have included in this document case numbers. So, we have got some of the case numbers. It is a drop in the ocean because it's only the case that we know
10 about but there is one gang in Pretoria that are believed to be the same people and we have heard about 50 cases then there is these cases over here. Basically, we are not getting any help from the police and kind of getting to the bottom of these cases –we have also given you a list of murders of Uber and Taxify drivers and this is just in the Gauteng alone and also these are the ones
15 that we know about.

So, initially when Uber came into the country it was cashless, so they signed up with bank cards and they could be traced. However, now anyone that can get a sim card that has been Ricad, they can make up an email address and they have an active account. When we have for years been trying to say that we
20 need rider verification and Uber has come back to say they verify the riders with Facebook verification. But if we go to the next slide, you will see that we have got just some screenshots from the drivers, we have got riders called Lesley Squirrel, Phoenix, we have got a rider called Now, we have got a rider called 6038, we even have got a rider I am not sure, we have got another rider called
25 Lunch. And then the slide at the top middle image is also just to give an

example of the rating system which is supposed to protect both drivers and riders. And here we have someone with a 2.8 rating. Drivers actually get deactivated permanently if they have a rating below 4.5. So, we feel that this is really no protection at all. Part of the reason that we are bringing it into this presentation is that there was a ruling this last month in Malaysia and they ruled that for the safety of the drivers, passengers are required to upload their identification cards or passport. We are calling for legislation to be put in place regarding the uploading of positive identity documents. Another thing that they brought in Malaysia is they ruled that e-hailing firms setup a mechanism for drivers to file complaints. In this slide you will see the rider with a rating of 2.83 and for someone to get to that rating they have got to have been terribly abusive. It is unheard of and you know there is just terrible abuse on the platform, racism abuse, people pulling weapons. So, we do feel that if it was made a ruling in Malaysia, possibly it is something that you would be able to help us with.

Then our last slide goes back to the hourly earnings and the fact that people say Uber drivers are getting a certain amount of trips per day. Here these are some of the extreme ones, but someone who has been online for 7, 8, 9, 10, 3, 10, 5, 3.5 hours, one with zero, absolutely nothing. So now you have got drivers who are working for absolutely nothing, we have got car owners that are working in a deficit because they are still paying for their fuel and they still have got their cost associated. There are a few other examples like being online for 9 hours for R300, 6 hours with R143. We are not saying that this is the norm, but we are saying that this is the evidence that exists and we would like to go back

to the fleet owner in Cape Town mentioning hourly earnings and just to show how really that would be possible.

I will jump back to the amendment to the Bill. In terms of branding of vehicles, in Section 8 of Act 5 of 2009, it says identifying operators involving colour coding
5 and branding of vehicles used for public transport were National uniformity is required. Now, at this stage we don't think as far as we know National uniformity is required in terms of e-hailing vehicles and certainly most meter taxi operators don't have anything of the sort. But you know, if that is a possibility, we would like to put it to you that most of our cars started as ride sharing and we are
10 using private cars for people to be having to go about their business, taking their kids to school with branded vehicles and also a lot of our drivers drive for multiple apps. So, we don't understand what solution you would have in that case. And we also feel that one of the issues and the reasons why we are here is because of the conflicts with the meter taxis. And in fact we are saying if our
15 cars are branded, we are becoming bigger targets for the meter taxis and also for criminals. So, at the end of our presentation we have also included a document where we have presented some of the points to legislature and department of transport. So, it is a list of e-hailing operators' grievances. Some of the things we have touched on this presentation. But there are some other
20 issues that there is more detail on. So, we would like to thank you very much for the time and the opportunity to present, we hope we have brought some new information and clarity that will help your findings. And we really are hoping that you could come up with some solutions like as we said what has happened in Malaysia is hugely promising. Also, in Kenya there has been some regulations
25 put in place to ensure fairness to us. Sorry, I didn't include it in this document,

but I would also just briefly like to touch on. Uber has introduced something called upfront pricing. What happens is when you order an Uber it shows you the price. But this is determined on the most direct route. So, basically what is happening first of all it will take you through like really dangerous areas. Like if
5 you are coming from O.R. Tambo and you are going to Sandton, you will be directed down London road through Alex which especially with tourists or with anyone, we wouldn't really want to do that, it also directs you down marble drives and at night and early mornings, it has been multiple hijacks and its very dangerous and sometimes also clients want you to take the quickest routes ,
10 they don't want to go through robots and potholes and side streets and would like you to take the highway. But Uber will not adjust the prices. They say that its an upfront pricing and it is up to you to follow the route. This in Kenya they have, I am not sure if it is Uber, whether they have brought it into legislation, whether they have actually done away with the upfront pricing. We would
15 appreciate if you are making a note of that as well.

CHAIRPERSON: Thank you very much Ms. Munchik. I think let's here from Mr. Mbelengwa before we take questions.

MR. MBELENGWA: Good day everybody.

CHAIRPERSON: May you also take the oath or the affirmation Mr Mbelengwa

20 **MR. MBELENGWA:** I Mbelengwa swear the evidence that I shall give will be the truth, the whole truth, so help me God.

CHAIRPERSON: You don't have to take the affirmation. If you could start introducing the company or organization that you represent as well as your role.

MR. MBELENGWA: My name is [inaudible] Mbelengwa. I represent an organization called Private Public Transport Organization, we are drivers that operate in the e-hailing sector. And we saw fit to come together to address some of the discrepancies or to begin to address our challenges. Okay, jumping
5 into presentation. We intend to bring to your attention today in our presentation the extent to which the above mentioned organization with intent and pure disdain mislead those who have partnered with them. Either as owner drivers or partner drivers including institution like the Competition Commission, developmental agencies such as jobs funds. So, the organizations I am talking
10 about is Uber and Taxify specifically. We as operators within the e-hailing sector would like to state without fear or fervour that we don't consider the meter taxi industry as our rivals in any imaginable way. In fact, we identify with the struggles of the sector. We understand how this long standing sector has been undermined and we would like it to be clear to all their enemy, the global
15 anarchists known as Uber and Taxify are our oppressors. And in that spirit we not only see them as the enemy of the meter taxi industry, but also of South Africa, thus making them our enemy. We have come to realize that with have been oppressed together with our traditional meter taxi industry are the only parties truly committed to ensuring a lucrative healthy industry that promised
20 good and proper competition as envisaged in the Competition Act of South Africa. This vision is one that only we are pursuing, and the arrogant misleading behaviour of the above mentioned oppressors area clear indication that we consider as a public announcement that they are not and never would be interested in building a healthy and inclusive industry.

Okay, I am going to jump into the presentation. I would like to start by addressing several terminologies which are often used which I think are intending to mislead us and we then need to correct them and bring to forefront new terminology. So, driver partner and owner partner is what they often refer to us. Now, just to jump into the definition of a partnership. A type of business or organization in which two or more individuals pull money, skills and knowledge and other resources and share profit and loss in accordance in the terms of the partnership agreements. In the absence of such an agreement, a partnership is assumed to exist where the participants in an enterprise agree to share the associated risks and rewards proportionately. We as drivers and owners have never partaken in a single decision-making process reflective of a partnership regardless of the fact that our skills and assets administer the service that users of Uber and Taxify alike enjoy. We believe the word partner is intentionally used to mislead people into believing that we have a say. However, we are ignored and marginalized. This is confirmed by the many failed attempts to try and engage with these organizations. Every single memorandum that has been submitted has not received a single response.

Next term – fare paying riders. So, I think the fare they are referring there to fair because obviously they are referring to fare. If it wasn't a monetary value we wouldn't be here. When they say fair, the word fair, it is suggestive of the fact that myself as a driver has a platform to engage with the rider and negotiate what we pay and come to an acceptable fare. If both parties agree to it then it becomes fair. But we don't have any platform to engage in any price setting platform. By definition, even if you look at the words associated to the word fair, synonyms, just, equitable, honest, upright, honourable, trustworthy. These are

word that we can't associate with the institutions like Uber and Taxify. And the pricing cannot be fair if we those who administer the service cannot partake in setting it.

5 Employment opportunities is the next term we are going into. So, we have heard Uber and Taxify saying they create employment or employment opportunities that impact the economy. So, according to the basic conditions of the Basic Conditions of Employment Act, certain grounds must be met for somebody to be understood to be employed. There must be UIF contributions, there must be PAYE contributions. So, we would like to challenge Uber and
10 Taxify who claim that they are creating employment we want to see their contributions towards employment, then we can really see who is really employed. We can confirm that this is really not true. Okay, furthermore we have come to understand that Uber went on to receive 3.9 million rand from the jobs fund here within South Africa. Some of the things I share will make better
15 sense as I move along. But we think this they looted that money. Our position is that they have looted that money and they don't have any right or entitlement to that money and it could be better spent in empowering other organizations within South Africa.

20 Self-regulating and proportionate regulating referred Uber and Taxify use these terms as in moving forward as we move towards regulation. So, our position is that both Uber and Taxify do not have the moral framework or the commitment to bring about the healthy, safe regulating environment where we can all partake and come to a joint decision as stakeholders within industry. So, we would like to erase this terminology and state that we want full regulation with
25 an oversight committee to ensure that this regulation is adhered to. So, we

would like to bring about new terminology and remove some old terminology. So driver partner, owner partner we want to scratch that because it's clear there is no partnership and we would like to bring forth skills investor and asset investor. We need then to be understood as financial breakdown we are going to then present as we move forward we will clarify as to why. We believe its 5 important to reinforce the (...)mind, we as investor spend vast amounts of money to ensure that assets and the skills to be administer the services that are enjoyed are available and readily accessible without our financial commitment that Uber and Taxify readily claim as their own, several things will not be 10 enjoyed. We have heard them making comparisons to themselves Uber, to the meter taxis saying Uber have got passenger liability contributions, there are cars are committed they have to go through inspections, criminal background checks, professional driving permits, driver up scaling training. We pay for this, we commit the funds into this as asset skills investors and that economic impact 15 is brought forth by us. So, it's important to know that this isn't something brought by Uber, its something brought by our service, as people operating in SA. Those who commit the funds to developing drivers, drivers then have to find money till they have got the PDPs, make sure they do the relevant tests that Uber and Taxify demand and we fund that process not then. So it's not for them 20 to claim, it's for us as the South Africans operating within the e-hailing sector.

We would also then like to remove the term Fair Paying riders and bring forth the term customer. We provide a service that is paid for and lets call people what they are, we consider them customers and that what they are.

We will also want to introduce the term return on investment and I will be using 25 a lot of these terms as we move on. As you understand the financial

commitment from us here as South Africans, I think we want a framework that then may ensure that everybody that commits themselves financially to this environment can then ensure a return on investment.

Regulation

5 We want full regulation, no self regulation, no proportionate regulation; we want full on regulation that can make sure that this industry grows well, grows within limitations, boundaries and it sustain. Before I go further, I just want to give you contexts; globally this industry is referred to as the shared economy. Now, within the context of shared economy or to define shared economy, it's either (

10) gets more access to the internet right and smart phones and more platforms are being used to administer services made available. So, within the context of our industry we as owners, as assets and skills investors we provide the assets and skills that administer the service and as a byproduct of the internet being available Uber and Taxify gets to then run their platforms where

15 they connect people who require our services to us service providers, right. So, within this shared economy we then fund our own assets and the assets and skills are not funded by Uber. So we are here as competition, I think the gist of why we are here is that people feel that it's unfair to compare competition towards the meter taxi industry and we feel that there is no competition, we are

20 being... The state of competitiveness is Uber is exploiting us and that's the competitive edge they have over the meter taxi industry. Uber and Taxify can be reckless with this industry because they don't have to financially commit anything and there is no competition, we are being purely exploited. We then managed to go on and do some research onto some financials which are very

25 shocking to say the least. Our research has let us to understand that within the

Gauteng province we have got 11000- 15000 cars on the Uber and Taxify platform jointly but at any given moment there are 11000 cars available to provide the service. So we have done our financial projections based on 11000 vehicles. At 11 000 vehicles at an average cost of R300 000 per vehicle, we in
5 Gauteng have over committed R3, 3 billion over 5 years into ensuring that there are assets administering this service. Now, that's huge economic impact. That's economic impact brought about by us, as young people, as old people working in SA, trying to find opportunity. Uber and Taxify do not have the right to claim this economic impact as their own because it's not their money being spend.
10 So, our projections are that, the average daily revenue of a vehicle is R650. So R650 gives us a good balance for when its mid-month and people go home with R200, R300 a day and when it's month end people can go home with R1 500 a day. This gives us an industry total of R7 150 000 and this is a total revenue turnover over R214 500 000. We are then breaking down our costs, R214 500
15 000 is what we collect. Uber's commission is 25%, that's R53 625 000, immediately taken, non negotiable. Data, cellphone, connectivity costs we are spending an average of R1000 per month, over 11 000 drivers. That's a commitment of R11 000 000. Again, let me stress this is a commitment of owners and drivers, asset and skills investors. Insurance, R2500. We have
20 made certain assumptions to allow for realistic deductions so we assume that only 70% of the people within the industry are contributing towards the insurance premium. This gives us a total insurance contribution of R19 250 000. Bank and finance; an average of R4 000. We have made the assumption that 60% of the vehicles are paying And we have made this assumption so low
25 because within industry a 1000 vehicles are being repossessed a month, out of

the e-hailing industry. And then being refinanced to other people so this is then a commitment of R26 400 000 by people seeking opportunity, not foreign companies like Uber and Taxify. We are spending on average R200 a driver for fuel per driver. This gives us a total of R88 000 000 towards fuel. Economic impact brought forth by us. We re spending an average of R300 on tracking. We assume only about 80% of people are making their payments. This gives us a contribution of R2 600 000. We have aggregated our vehicle maintenance that's R1000 per month. We are assuming only 80% of the vehicle are being correctly maintained. This gives us R8,8 million rand contribution towards that. So our total expenses here are at R211 255 000, which then leaves drivers with R3,2 million to share. Over 11 000 drivers within the Gauteng province, which gives us a revenue per month of R295 per driver. And worse, ours is R0,88 per hour, 12 hours a day, over 28 days of the month. Now, this may seem like it doesn't make sense but we have gone to engage with drivers at length and many drivers are being subsidized by their families. And intimate partner will add month end, spoil the driver boyfriend to a full tank, not dinner or an outing. To a full tank to say, "here is some fuel go work". A family relative, granny or aunt gets a grant they help out with petrol so that the young man can go work because they are so strained. So there is a vast amount of subsidy into this industry being taken from our homes.

Our operation investment is R2,6 billion a year, so this is a total contribution to your fuel and all of that. So over 5 years it's R3,3 billion into assets, per annum operation contribution is R2,6 billion. I mean with this contribution we ourselves could have given the government to fund Kusile, they didn't have to take it from the Japanese or the Chinese. We have done the same statistics at a 15%

contribution, which then means all other expenses remains the same except at 15% Taxify or thecompany will take R32 000 000, then it would allow the drivers to take R2245 home a month, that's an average income of R6.80 an hour. These are terrible numbers, these are very terrible numbers.

5 So, this why we feel we are being exploited, there is no competitive space or platform to engage upon; this is just outright exploitation of us. And I think it's rather unfortunate because Uber and Taxify are not South African born companies, these are foreign companies. They are taking out a minimum, collectively, Uber R53 000 000 a month, leaves South Africa, leaves Gauteng,
10 to a foreign country. So, regulation is important. Now that we have looked at numbers I would like us to go to some price comparisons I have seen put forth by Uber and Taxify in comparison to the meter taxi industry. E-hailing and traditional mini bus industry, in relation to socio community or how they have improved our current social environment.

15 So you will forgive me I am not reading word for word, I am just allowing for engagement, is that ok? We heard, I think it was Gareth Taylor, and Dominic (...) or something to that effect, making representations here. They compared our industry and they have said that e-hailing have brought about more competitiveness or have improved social economic environments because we
20 are available around the clock. We drop people at their door step, improving safety, they have improved efficiency. Yes, this is true but at the same time it's incorrect to compare the rest of the minibus taxi industry. The mini bus taxi industry charges what is referred as a compassionate fair so they are not as profit driven as these people are. The minibus industry charges trip per head, so
25 there is a 16 seater 16 people pay their own fair, whereby within our sector it's

just based on cost and a trip per kilometer. So these comparisons are very wrong. The meter taxi industry was often considered as very high, I think its high; it's considered high now but once we are engaged more in this industry there is room for them to come down. But it's a customized service; you get to

5 have a private space to a private destination. We shouldn't be comparing the two, really. I don't think there is a platform for us to compare with... let me use a local minibus industry right. So, what we are finding in areas like Thembisa, Midrand, e-hailing is now affecting that traditional minibus industry because now you go to MGI with a student who traditional catch a taxi to go to the local taxi

10 rank and then catch taxi from there to their destination. They will then request a vehicle knowing that for the first 2kms the base cost is R20 and the taxi rank are within 2-3kms of each other. They jump in the car; it costs each person R5 that trip effectively at the expense of R20. Which is putting us into direct competition with a tradition minibus taxi industry, which isn't right. And it's also putting us in

15 danger because now its bringing about an immense propensity to violence or immense attacks from that sector towards us because there is a feeling that we are taking their customers. If you go to several taxi ranks around Gauteng there is a sign there that says "No Uber, Taxify. No Zebra pickups allowed here". So I think in regulating the space the price comparisons that are being done are

20 incorrect, we shouldn't be comparing this e-hailing sector and how this service administrate as to a minibus taxi industry. The rates sharing platform is very different.

Empowers previously disadvantaged people

I don't think Uber or Taxify representatives have the platform or the moral

25 authority or any right to speak about empowering previously disadvantaged

people. In this particular context, the fact that we fund our vehicles, we fund our own training; we fail to see how they are empowering us. If we are to compare our financial investment as towards this industry as compared to their financial investment towards this industry they couldn't touch us by 10 million miles. In terms of how we are committed and how they are committed, so I would like to dismiss any claim from them to be empowering previously disadvantaged people. I heard that Mr Dominic Mocksin from London also made some uttering to that effect, he must go empower people back in his own country. He mustn't speak of previously disadvantaged empowerment here in our country.

10 There was talk of taxi recapitalization programs so, I think my gripe with this is that they as foreign companies have come into this country, they have created a disruption within our transport systems and then they are telling our government to go fund the fixing of their problem. We have displayed in our previous slide how much money they are taking away. If any recapitalization is to happen within the meter taxi industry, it should come from them. They should be fine to make sure they bring about that recapitalization because they have, with intent, created this disruption and they have been reckless with our economy and have driven our economy into the drain by putting us into a further debt. So, they should not speak of meter taxi recapitalization and again that Mr. Dominic Mocksin made reference to it being a scraping program or whatever because he is some sort of a global regulating expert. We don't need his expertise, we have run many of our own recapitalization programs within SA and we can structure it on our own, we don't need his arrogance uttering on how it's just a scraping program that SA government must fund with tax payers money.

25 Operating licenses.

I am gonna to touch on operating licenses. The Taxify manager Gareth Taylor in his presentation to this body here said in his experience we only require operating license to protect against over supplying of vehicles, quality control of cars, decra inspections, and ensure safety of consumers. So, to protect against
5 supplying of vehicles, the market is already flooded, it's over supplied. The initial commitment we are sitting at 11 000 vehicles, there R3,3 billion over 5 years, this is an investment that grows weekly by between 6 and 9 million rands as more cars are being embodied on this platform. Every week the capital commitment grows by 6 to 9 million rands of SA money, not Uber money, not
10 Taxify money, not European money or western money; South African money. This is putting a strain on our own economy.

Control quality of cars

So when you go reapply for a disc annually, its required to do a vehicle inspection and our testing stations, our traffic departments administer this test.
15 The decra inspection is an additional cost they offload onto us, so they can empower themselves, empower their buddies who own these companies and make more money off us and put us under further strain. So, yes there is tthe quality.

Ensure safety of consumer, ensure (...) yes, we do have professional driving
20 permits and again we fund this process, not Uber, not Taxify; so they shouldn't speak of it. They should only speak of what their app does, because they are tech companies, they don't find cars they don't service, if they are saying they have control of the supply of vehicle they must present how they control the supply of vehicles.

Crime within our industry.

I am going to touch on it very quickly. We are getting robbed a lot; we are getting hijacked a lot. Theresa made reference to bringing about a platform whereby riders have to provide positive identification before entering our
5 vehicles. Now, we have got a framework for that already in SA, it's called the POP ACT, protection of personal information act which governs our private business, need to data capture and correctly vet people. Now the financials implication of this is the reason why Uber and Taxify refuse to comply with this act, so for them its just easier for us to be killed, to be burned, hijacked and beat
10 everyday because really the financial burden doesn't sit with them. They don't have to bury anybody, they don't have to speak at funerals or memorial services, they don't have to identify bodies, they don't have to tell people's mothers and their wives that somebody has been killed in a senseless robbery. If they can just be complicit with his act the money they are looting from our
15 economy should be at least enough to comply with this. There has been talk about a e-hailing license being created and that we should ensure that our department issue it within five to ten days, right. I would like to propose a s a country that before we start issuing e-hailing licenses to vehicle owners asset investors lets issue e-hailing operator license for app companies and the
20 framework in which we issue these licenses, we together as asset investors with the government and the e-hailing company that likes to come and enter the SA market should together sit and decide these are the terms of engagement. If you can't meet these terms of engagements don't bother come and trade in our country. Because, ultimately we are the funders of this industry as I keep saying
25 and will keep saying. The greatest economic impact is coming from us; the

greatest cost of failure will be felt by our economy. So, we need then to decide these companies that are coming, we need then to begin to say “here are the rules. In SA we play by these rules; if you don’t want to, go back to where you came from”. We can carry on by ourselves. And I think its very important that we do this quiet quickly because more and more global companies are then coming and opening shop here in SA. They are offering their services cheap because the price is not regulated. I think this e-hailing license for app companies must be quickly. We must begin this dialogue with haste.

Closed door audits.

10 Now, Uber and Taxify have said that “we have sensitive information we wouldn’t like to make public,” No, no, no. We request that no closed door audits must be held an all audits should be made public. I would like to draw you to the promotion of ‘access to information act’. I think this act provide a good framework for these audits to be made public and for all to know. I think most importantly, we as skills and investors who are more committed into this e-hailing sector than they are from a financial perspective are happy to have these audits to be open and for all to understood the extend of exploitation we face in this sector. So, we trust that competition commission will help guide in ensuring that these audits are open and are made public for all so that we can correctly then assess this data and correctly investigate what this data means. If we are to engage an independent auditor we must be involved in the appointment of this independent auditor before they go and appoint, I don’t know; maybe a KPMG to do this audit for them.

I would like to make some recommendations. We have got very limited legal knowledge but in trying to understand the competition act under the subheadings of “Remedies and enforcements, administrative fines, application of act, functions of competition commission, order of competition tribunal, I think there is room for us to make some recommendations. I hope you can accept these. We would like to submit several critical recommendations.

Stop the onboarding of vehicles.

As displayed we are already in it for R3,3 billion over five years with 11 000 cars. This figure grows by between 6 and 9 million every week. If already we are making R0.88 per hour soon we will be making R0.40 an hour, if they keep adding vehicles.

Price controls.

In considering the immense financial strain that we are already under, the high repossession rate within our industry, a thousand cars a month; we would like to propose that the commission Uber and Taxify take be reduced to 7,5% for a minimum of 24 months to allow for the financial strain being felt by the asset financial investors to sort of easy out and taper off. It's too much to see a thousand homes loose a vehicle every month, to see then drivers being blacklisted. As you know the SA economy is unforgiving for failed entrepreneurs. Once that car is repossessed you are then blacklisted. You are unable to access debt, you are unable to create work and then it takes your situation from terrible to unthinkable. So, we would like to propose that their commissions be reduced to 7,5% or even less, for a minimum of 24 months, till the strain is felt. We would also to propose that the cost per kilometer go up to

R12,50. And the cost per kilometer should be inline with the increases and decreases of the fuel we experience every month in SA. I would like to propose also that the base share be changed for R20 for the first rider and R10 per additional rider. I think structuring the base in this manner allows us to protect
5 against putting unfair strain on the traditional minibus taxi industry that pays a compassionate fair. Their charges are compassionate fairs as opposed to this high profit industry or high exploitation industry. So, I think that's how the base costing should be, they should be R20 for the first rider, or even 2 riders. But if the riders got four people there should be an additional of R10 per rider. And
10 also just the cost of operating a car with one rider as opposed to four riders its vey different.

Fines.

We believe Uber and Taxify should respectively, should both receive fines for misleading the nation that is desperate for work and anti competitive behavior.
15 They still continue to advertise to this day, come drive for Uber, come drive for Taxify and earn up to R8000 a week. This isn't true, there is people on the platform already driving 12-14hours a day and they are not getting anywhere near R8000. So, then continuing to advertise that is misleading, they are lying to us and they should be fined for lying to us. Dominic Mocksin, Tresh,Gareth
20 Taylor, all of them, they must be fines; we cant accept them continuing lying to us, we accept them saying they offer job opportunities when there is no job opportunities or employment opportunities. You, know them themselves say vehicles are being rented. So, if somebody is renting a vehicle there is no space for that person to be employed but they admit people are renting vehicles. So,

where is the employment opportunity? We have got an act that describes what employment is, so for lying to us they should then be fined.

Investor representation.

We as the investors believe that no decision should be taken in our absence
5 and joint decision making bodies should be immediately established. So, if Uber
and Taxify wants to set the price we must be at the table deciding the price. If
we decide that a 1000 more vehicles need to be added into this industry, we
must together decide that after doing the relevant market investigation to see
exactly how the industry has grown. We have got an over supplier vehicle,
10 demand of the service isn't growing at the rate vehicles are being onboarded.
So, we need to partake in this industry, infact I think we need to be the majority
decider as the majority investor in the space.

I would like to propose a joint audit team. So various bodies are then looking
into this sector, legislature, department of transport, licensing department,
15 department of trade and industry, investor representatives, competition
commission, law and enforcement. I think it's important that we sit together and
discuss various challenges so we can come to a right decision. I think each, it's
a domino effect, what's decided here will affect the next institution then affects
the others. So, we need to sit together and create a synergy, we hope we can
20 be successful in this. We would also like to request that mediation by Uber
stops. We had a protest several weeks ago complaining about pricing omission
onboarding of vehicles. Immediately after that Uber started blocking people for
partaking in an illegal strike. This goes against the South African constitution;
we have got the right to protest in this country. Now, if Uber wants to send a

message and say to people we are aware you were at this strike and for that you cannot be on our platform, they are insulting our constitution and they cannot do that; we cannot accept that. We can never accept that. History teaches us of the sacrifices of the people of our nation and given to those lessons we
5 can't accept the foreign company, zero investment into our economy that exploits and loots money from our institutions to further go on and intimidate our drivers. We actually request and demand that anybody who was blocked for partaking in this strike to protest and bring their grievances to the forefront be immediately unblocked.

10 In conclusion I would like to say, we as investors of this industry, guided by our government needs to take control of this sector. We guarantee we will bring about an economy that is inclusive and sustained and we will ensure that the billions are invested back into South African economy and are no longer being taken out. The exploitation of our people needs to be immediately halted

15 I think I will leave it there. Thank you for your time.

I think we are open to questions.

CHAIRPERSON: Thank you very much Mr Mbelengwa. In the interest of time colleagues, because we also have two other stakeholders who are waiting to make presentations, I am only going to allow one question per person
20 because... in fairness to the other 2 stakeholder that we need to hear. **Mr Super? Mr Ngobeni.**

MR. NGOBENI: Thank you. Good afternoon Mr Mbelengwa and Mrs Manchiki. I think, in the interest of time I would have really loved to engage with some of the, you know some of your submissions; but in the interest of time let me just

pose one question and if the chair allows I think I will still have an additional question. The question that I have is, just broadly on exploitation; you have painted a picture here which seems to suggest that asset investors, I think I should use that word because that's what you are advocating for. Asset
5 investors are facing some very very difficult situation out there, you have mentioned the question of rates, that the rates are too low and the fact that, you complain that Uber is taking high commissions and all of those things. I hear that, but in addition to that you then mention again that the market is flooded and there is continuous flooding of the market and in addition to that there is a
10 question of rates being low, the market is being flooded. The question that I have is, 'what do you think is attracting these asset investors into this industry given the problem that you have just mentioned, the exploitation. It's even worse in your submission you even mentioned that, where you have dealt with revenue figures you have indicated that the revenue per car per month you
15 have painted it to be R295 per month. The question that I am more interested in is 'what is really attracting our people into the industry when they are faced with lower rates as you put it and in addition to that, taking to account that you also mentioned the market is being flooded so I am trying to understand what is it that's attracting our people to flood the industry when they are still faced with all
20 these problems that you are painting?

MR. MBELENGWA: Just to clarify that, R295 is what drivers take home a month. This is just on a broad overview. If we do a case by case study I am sure they will be adjustments. I think what's attracting people to this space, honestly we don't have employment in our country. People are desperate for
25 anything to do. It's an economic condition, young people are just trying to find

work. You come into the space, if you have to do an audit of drivers, you have got people with degrees who can't find employment within their sectors, you have got failed entrepreneurs who tried their business and failed and now can't gain access to credit and they need to survive. So, coming into this sector

5 seems appealing to them and there is young man just looking for something to do, they don't want to end up in jail, they don't want to end up in crime, they don't want to end up doing drugs and being a further problem within our society. So, this provides for something to do, so 1, I would say desperation; 2, now the big banks, many financial bodies want to then enter this space as displayed we

10 have already committed over three and half billion into vehicles. We are spending 88 million on fuel a month. So there is a lot of winners, insurance is a winner, fuel is a winner. So, the amount of credit being made available into this space is very high. So, access to vehicles, there are a lot of platforms that are creating access to vehicles. Many vehicle renting companies have created a

15 platform for people to rent vehicles directly from them and there is a specific billing they take and there is the base billing, there is per kilometer billing, so access base and increased access into this space as opposed to other spaces where there will be just normal employment. There is increased access into this within the shared economy business model which is then allowing for people or

20 the increased access to it. So I would say this is why people are coming in but not to exclude the false promise of Uber and Taxify. Uber and Taxify are saying to people we are providing an opportunity on our platform for you to better your life and essentially they are not bettering anyone's life. They are making everyone's life worse and the greater economic loss will be shared by us. If you

25 look at the global behavior of Uber, when it gets hot in the kitchen they switch

off and they move to another country because they are not there really to create real impact. No, they don't want to grow into an amount of people of those nations. So, the biggest factor will be, misleading by Uber. People desperate for work and big companies with larger excess to capital to flood debt into this market.

CHAIRPERSON: Ms Munchik, your take on the question?

MS. MUNCHIK: I think its complete ignorance; I think people just have no idea of the figures. Later on when you look at the breakdown, when I have given you the breakdown, to actual figures you will see that people actually... Myself, I am a driver, I used to catch Uber, I will be like "How much do you make?", and they will be like 'we make R6000, R7000 a week. I was like, I thought I was gonna be rolling in money. I had no idea of the cost. Then the worst thing is depreciation and the maintenance of vehicles, having huge mechanical issues that you just not able to get out of. So, I think people not having any idea at all of the breakdown of the cost involved. Drivers, themselves who don't really understand the costs and ... these numbers to riders that are in their cars. And then as (...) said its around the world that Uber has been sued in different countries for misrepresenting the kind of figures that can be made. So, I think it's a combination of these things.

CHAIRPERSON: You can ask Mr Ngobeni a question.

MR. MGOBENI: One last question. When you say drivers, asset investors are earning or working for less than what is referred as the minimum wage. What I am more interested in finding is out is whether, are you referring to asset investors as described by Mr Mbelengwa or are you also referring to those that

have taken up the leasing options, the so-called rental options. I am more interested in you distinguishing between the two. Those that have taken the leasing options and those that are asset investors, who are you referring to? are you referring to both or is it just, you are referring to one and not the other?

5 **MS. MUNCHIK**: Specifically drivers, I think there is pros and cons on working on a percentage and on a rental option. In fact on the figures that I have presented which are pretty standard figures, you will see there is not a huge difference between the amount of money that drivers are making. Obviously when you start going to a hire figures it does make quiet a bit of difference. It's
10 basically drivers that are on the road who are working for other people that are not getting the slice of the pie. Both owner and the driver. But I can in fact tell you that very definitely a lot of owner drivers are often working for below minimum wage as well.

MR. NGOBENI: Thank you chair.

15 **CHAIRPERSON**: Mr Mbelengwa, your take on the question?

MR. MBELENGWA: Just to clarify; there is two rental platforms, right. One of the big renting companies will go and sets up an agreement with uber to say we will rent vehicles, then they will then make 2000 vehicles available to Uber platform. Uber will then give these vehicles drivers. Whatever these drivers
20 make the first deduction goes to the rental company and Uber takes their commission. So, that's immediate, no negotiable deduction then goes to them. Then there is the second, myself I am working in a nice job I have got access I can buy a vehicle, I am trying to make a second income. I buy a vehicle and hire a driver, the debt sits with me of that vehicle, the driver must give me a

weekly cash up. when I speak of asset investors that are being exploited I am speaking of every young person, everybody who have cashed in their pension into the vehicle thinking this can generate an income. Those are the asset investors that I speak to because they will then rent out the vehicles to drivers within the space to help them survive. Often they will buy a vehicle and give it a cousin or a brother to help them so it's that rental platform. Those asset investors are strained, the drivers are strained because drivers can not commit, cannot make the R2500 every week cash up, they can't. If you are to look at it holistically the vehicle finances is five years but the asset is depreciated within 3 years but you still need to continue paying the asset for two years. Between 2 to 3 years the asset is finished, it's kaput. Within this, 2-3 year period, because of the financial strain, we are not even able to safely maintain the vehicles. Vehicle maintenance is very high. The car is doing 15 000kms every 6-8 weeks at times. The cost of tyres, the cost of breaks, the general maintenance can't be done, which then means we have a unsafe vehicle on the road. It's literally a decision of do I service the car, do I buy food for my family; up until the car is completely dead. Everybody is gonna chose to feed his family first. We are looking at the insurance commitment, the asset investors who the young man the pensioner who is putting their services into this industry, they are held hostage. They have to pay the insurance because they are still paying the bank and they need to protect that asset. But so many claims are being denied within this space. I will tell you why they are being denied: they are going to say to the person who had the accident but you don't actually have a permit to operate within the industry. But Uber and Taxify are saying to us you are allowed to operate for a year without a permit. There is so much confusing and conflicting

information being fed to us by everybody but ultimately the people who sit with a debt, the people who stands to lose are the ones being compromised in this misinformation.

CHAIRPERSON: Thank you. Mrs Nontombana. Mr. Lesofe.

5 **MR. LESOFE:** These concerns that you have raised, I think you might have engaged with Uber and Taxify; what is there response, because one would assume that they want the business to be sustainable for a long term, they don't want drivers to exit the market; what has been their response?

MS. MUNCHIK: There is no engagement with Uber or Taxify. Uber has
10 something that they say "drivers has a voice and a choice". So, your voice is you can go in, there is something that they call the green light harbor; they have got a pool of youngsters who help you with technical issues so if you have a problem you can go in and talk with them. So, absolutely, they won't recognize unions, bodies, groups; they won't accept memorandums, and they say they
15 have round table discussions which is just taking a bunch of random drivers and getting their ideas. But, as Vertok has mentioned we are not partners, we have absolutely no say, they don't engage with us at all. That is one thing we have been fighting for to try have a movement started. We wanted to some representatives that could engage with them on a regular basis to sort out
20 identifiable problems, try and find solutions but unfortunately won't do it. And around the world they refuse to engage with operators.

CHAIRPERSON: Mr. Mbelengwa?

MR. MBELENGWA: I think to add to that, there is no engagement. We have submitted memorandums, we have requested meetings; in fact we apply for a

strike, we told Uber were are coming to submit a memorandum they closed the office and left the security to receive our memorandum. This is the arrogance of this organization. But I think the position is clear now and more and more drivers, or let me say asset and skills investors are deciding that we actually
5 don't need to negotiate anymore. We fund this industry, these are out cars, our skills administer this service. We have tried to engage and being people, being interested in ensuring the growth of our economy, being interested in ensuring that we reduce the debt in our economy, we don't need to negotiate we need to dictate to them. Hence we need to set up a body that will then create the license
10 they must apply for to operate within our country. If they cant comply with that license we don't want to se investors on the platform, at decision making bodies to give direction on how these companies should operate then they can request out of our country.

CHAIRPERSON: Thank you very much Mr. Mbelengwa and Munchik for your
15 time as well as for a very detailed presentations, thank you very much, you are excused. We will certainly take up the issues that you have raised this afternoon with both Uber and Taxify, as well as with the policy makers; being the national department of transport board. You are excused.

We will now take a presentation from the North West Taxi Alliance.

20 Welcome gentleman and thank you very much for coming and more importantly for your patience because we are running behind schedule but thank you very much for bearing with us and we would like to apologize. As you could see in terms of the time and the presentations did not go the way had anticipated, we

sincerely apologize for that. There is a piece of paper in front of you, you may take the oath or the affirmation.

MR. MOGALE: Thank you chairperson, my name is Pheku Mogale, the secretary general of North West TA. TA stands for Taxi Alliance. In taking my
5 oath I 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 Mogale.

MR. SIKHOSANA: My name is Themba Sikhosana, I swear that the evidence that I shall give shall be the truth the whole truth and nothing but the truth, so
10 help me God.

Chairman: Thank you Mr Sikhosana.

MR. SIKHOSANA: I am a Deputy Chairperson for the North West TA.

Chairman: Thank you for that clarification you may can go ahead with your presentation. After your presentation we will then pose questions to you.

15 **MR. MOGALE:** Thank you very much panel of the competition commission and with due respect I want to save time and read out the previous presentation. I realize that the chairperson is always fighting over the time factor, so that...

CHAIRPERSON: You may go ahead, I think we are only constraining the questions but we are not constraining the presentations. So, please don't feel
20 constrained in terms of.

MR. MOGALE: Mr Mugobeli would rather be you rather than me. I think we can exchange roles. Thank you very much. We from the North West TA hoped for this type of commission, I think you back it back to 10 to 15 years back. Now,

because it is here today it is imperative that they must hear the worst case scenarios we are encountering which defeats the end of competition and instill anarchy. That's why people term the taxi industry as a violent industry. It isn't, they are very kind social and heartening with humble and wisdom catering for communities. But it is the government and government representatives which push it to conflicting issues. In stating that I would not stand but concentrate on reading this document (speaks native language)

CHAIRPERSON: Can we get...

MR. MOGALE: I will translate later, when I complete chairperson; with due respect. Our presentation chairperson reads thus: I will read it because I don't want to dwell much, if I can talk we will end up tomorrow and I explain a number of imperatives as stated. The presentation is herewith made with the outcry of the North West TA and compliments all presentation referrals submitted by the national taxi alliance to the department of grievances forthwith. Moreover the last month memorandum that was tendered by North West TA to the department of Community Safety and Transport Management. Factors presented but limited to the worst scenario of effects, transporting within North West related as such:

1. Licenses
2. Route allocation
3. Entry regulations

Licensing within the North West province change drastically at the institution of the registrars and a panel of assessors at the time of formalization. If you can look at it, it has put it in inverted commas chairperson of the taxi industry in that the permit was changed into operating license and as against the transitional

act, Act 22 of 2000 these officers unilaterally decided on a maximum of 3 routes per such a authority, meaning that one had to choose 3 routes out of the permit in order to have an operating license. It was and still is contrary to the Act stipulating that the authority within such permit can only be rescinded by a body
5 competent and have powers to **adjudicate** such permits or operating licenses. The registrar office within the province duplicate that splinter groups and created these splinter groups on top of existing associations and afforded them routes registered by the principal association, including utility of the registration authority granted by the registry and worse off they do not enjoy joint venture
10 agreements entered into by the bona fide association. Examples, Fryburg,...., Rustenburg, etcetera... the list is long, I couldn't put all of them in. it however rescinds the authority of competition as this splinter groups becomes parasites as they hand on work done by the associations on the development of these routes, allocated an up uncontrollable the time of upholding the constitution of
15 such associations and in deployment of safety and security measures, which they do not succumb to.

Overlapping of routes.

The overlapping of routes is caused by the association routes which transfers through the jurisdiction of another route of the other association and do not
20 specifically have proper regulatory processes, in as far as transiting is concerned. The only thing that you have there chairperson, with due respect is a permit that says 'don't drop off don't load' but regulatory issues are missing. Scenarios and mannerisms utilized by the PRE is one which gives PREs the dictatorial awarding of routes to other non operating groupings in a format which
25 in this case is referred to as fermentation of legal (violence within the industry).

Without fair competition awarded to those whom have originally applied an alter form of association road application and granted forthwith.

Permits regime and conversions

5 The previous permits within the province was removed and replaced by the registrar and a panel of assessors whom complimented both adjudication permits and later operating licenses. New systems were brought in and this period recommended with inequality and non practice of fair competition connected with their unilateral decision making referring to issues of routes. A maximum of allocated routes per individual vehicle and the rescinding of
10 authority conferred previously to such vehicles, in the process of this created a legal (victimization of associations) along routes operated. Law enforcements however became another hindrance factor to the industry to the same department of transport. Law enforcement agencies are also attached to being traffic department and SAPS. The deployment is done in such a manner that
15 order given being the same focusing on certain non-preferred operation of a certain grouping of an association as compared to the preferential ones. Where the preferential groupings are being revised beforehand of the institution which is intended to cap the other groupings from operation, a clear cut method of unfair competition.

20 Routes overlapping into routes of associations within certain areas are also caused by the **pleas** of two or more provinces in that a province is afforded a departure point in one province of domicile and overlaps onto another province of destination and again enjoy the same authority of starting point, over and above the community industry in the destinational province. This is a factor

attributed in the area of... which is in the North West province which is against the vehicle within the Gauteng Province. The unfair competition here has fermented the violence in the are of (Inaudible) and the North West national taxi alliance have requested calm in the membership until a proper resolution has
5 been obtained from the government while the membership in the interim has lost vehicles through repossession as the department wrecking the process without closing the chapter.

Conflicts: which is part of the one I have read in 1.3.3.3. The conflict realized mammoth in this service provision which is a fermented by the same
10 department and it's Pre. The department used to have a conflict resolutions sector which did not resolve any existing conflicts inflicted upon associations through verbal inclinations and notable hearing justifiable to the rule of law in adjudicating matters profoundly. It's probably with reprisal by their senior officers which derived this abnormal situations within the industry. This factor
15 remained difficult for the team to arrive at the most appropriate decision which could cure anarchy and could instill stability for an on behalf of the commuting public earnestly.

Other methods refer to unilateral in institution of big buses, within and during routes operated sorely by the taxis without conferring proper operating licensing
20 and in turn complimenting the same buses with subsidies at the detriment of the other such operations existing. The process which leads operations of taxis within and along such routes to become unnecessary criminals as their molds repossessed. A conflict commences when the scrupulous banks repossess and people are left in the process with shortfall on such an experience, how will you
25 manage a shortfall without a vehicle? Fermented legal practices of inequality

none regulated profoundly. As the North West National Taxi Alliance our affiliate constantly being summoned to committees, man management councils meetings including arranged provincial mass meetings in order to preach and stringently advice the entire membership on the factor of not involving
5 themselves in conflicting and derailing processes of fermentation of conflicts and should and must exercise complete remorse in such circumstances. A sense of complete communication and consultation with advice must prevail at all times in order to avoid any conflict that might arise. The executives and leaders of the structures were mandated to forge for dialogue with government
10 entities in all matters of inequality, victimization, fraud, unfair competition, including the unnecessary creation of criminals by pre within the industry. This to the extend of, not the industry operators allowing the manner of their individualism towards emotions taking precedence over common sense. The North West National TA and the National Taxi Alliance intervened in these
15 matters all in vain in the North West Province, whose department of transport and law enforcement failed the national industry dismally. Conflict not to escalate further within the routes of all associations and those associations currently not affected thereto, if any, is to defer the national province back to the formalization process where problems were cost.

20 Secondly to audit associations which first commenced operations and whose routes were taken up by authorities and awarded to certain associations or splinter groups preferred, rescind routes erroneously allocated to other groupings which originally did not belong to them. Further to this factor, to reallocate routes which existed within the old permits as they were unilaterally
25 removed from the conversion of such permits to operating licenses, without

proper formal hearing articulated to consider removals of such conferred authority by the authentic body which granted the same as per statutes. The above process, stated in 1.38 can only be achieved and sustained if handled by competent police whom are not biased like the current interim pre whom our
5 government civil servants in the employment of transport within the North West province, of whom the current acting chairperson...(I think I will have to restructure the sentence for it to make sense, original sense) has reference from the other affiliated structures to the preferred structures. A breach of the South African constitution by government officer and her panel. I think that's a
10 word that describes breach because she normally prefers another grouping align structures to specific (inaudible) and these specifics to and she always aligned everything (inaudible) and victimized the NTA structures.

New routes and new created developments

(These words are so small. I read so slowly because they are so small). On the
15 new routes issue, the new routes created by associations are mostly caused by way of an informant through the commuting public whom periodically requests to be serviced along the route, none serviced from departure point towards certain destinations. These requests commences with research undertaken by associations from proposed starting points to an including destination point. The
20 National Associations are also consulted on the basis of creating and forming joint venture agreement possibilities. This is not limited to already existing destinalational operation to departure operations or vice versa. The reason and intent is to realize return trips. Statistic realized at commencement of departure destinalational points must dwell on the existence of attracting in government
25 circles, mining, education, training, entertainment, including, but not limited to

the population of the destination and departure point, which plays a pivotal role at commencement.

As a summary to this event articulated herein, there has to be realized a process of opting of legal documents in a temporary format, towards the local
5 municipality and regional licensing authorities in order to service such a need base.

During the temporary period, research and statistics are conducted respectively to read and measure previous results and become table with the general meetings and executives for ratification and formal implementations, which
10 compliments such executed task with the finality of deciding on how many vehicles being required including projected need base, taking into consideration the joint venture involvement thereto.

Formalities and then thereto applied with the lodging of permanent applications with the authorities as indicated herein, including the registration of routes in
15 question.

New created developments

The existing a slight difference in the creation of new created development routes and new routes by a association. The new development route is often serviced by the industry operations population nearer to such a development
20 area, including an industry area realizing a community clientele nearer to such a development area of jurisdiction. This however, cannot be serviced by any transiting organization if such an organization realizes a capture market by virtue of the existence of such a new development. Factors permit a completely new operation by the municipal communities in the case of distant a new

development in the case of communities being new complete domicile as the new development thereof as are also helped by the existing industry operations in the vicinity to realize authenticity to be a full association with it's routes or jointly. The operations differ in that construction companies negotiate with an
5 association relevant in such an operation to transport their employees in from the development areas on a daily basis of...in the morning and at knock off periods, with local standing including domicile and routes to such an operation.

Factors of operation process evolve at a later stage where applications are lodged pertinent and pursuant in the operation in question. Procedures of
10 applications do not differ with any other procedure at the time of such lodging of such applications. (these words are very small)

Moratorium issues.

In many cases I heard the chairman quoting the moratorium issues and Mr Ngobeni. The North West province does not communicate with stakeholders or
15 consult on pertinent issues affecting and concerning the progress and progression of the taxi industry, directly or indirectly, adversely and or otherwise in any manner whatsoever. The issue of moratorium is one of such processes the department unilaterally imposes. The disregard of us as stakeholders, with non communication of the content and intent of instituting and instilling these
20 moratorium, goes down to negative repercussions realized by the industry, in that the taxi industry fails the financial institution through non performance of contractual obligations created into financial because of the non operation caused by the moratorium.

The north west National TA plead the memo to the department of transport in the North West province to either suspend or cancel the instituted moratorium in order to give the industry a time frame to plan accordingly, while the backlog of outstanding processes being proactively dealt with, expediently. This plea was
5 out rightly denied by the MEC in the year 2016. As the provincial leadership within the province we realize that in the period since the institution of the moratorium some associations of preference have been issued with operating licenses and some whom do not qualify within and among routes operated in previous occasions or...

10 This aroused suspicions since joint venture agreements with destinational associations not produced including such derived statistics presented by the associations to the traffic department not utilized, completely no concurrences were supplied and tendered objections, this regarded in the process.

(I hear this explanation was given by the department, it must be proven beyond
15 any doubt, beyond any shade of doubt. And I would take them to task with that because it's part of the issues that we tendered the memorandum for. 2ndly the matter of the cases that were given, we were given an example of one area and one association around the area of Fryburg where new people from the Northern Cape were granted operating licenses. They are new in the province,
20 they were granted with new operating licenses. The matter is with the Transport Appeals Tribunal. We set with the tribunal in the past month over this matter. That is proof beyond any shade doubt and they mustn't come and say something, with due respect chairperson, that is contrary to what is factual and transpiring, unless the honorable gentleman was ill-informed)

1.5.4. During hearings held by the plea within the province, non preferred associations are ordered to join or align themselves with preferred ones (inaudible) in order that such associations be helped through this plea to attain operating license. The 2nd proof is that one.

5 Where is the moratorium applying if it serves you best with another right and becomes limited or non existent in the other? This is completely a factor of prohibiting one to trade fairly within the periphery of competing fairly at the economy of the province and country respectively. An example of town (inaudible) versus the association in the town of (...) the association of, I think
10 its SUTHA, becomes proof of the scenario, notwithstanding areas such as ...Fyburgh,..., Rustenburg... and others. This were (inaudible) is here explained with the transport appeal tribunal matter ruled in favor of them by the tribunal.

1.4. Requirement for membership.

(I think that is another proof chairperson that is we can prove with beyond any
15 shade of doubt because the tribunal also felt is necessary that we have proven beyond any shade of doubt)

Requirements of membership, I think this relates to us directly as an industry and it is any insight to all other people to know how and what requirements are for the industry. An applicant requiring to become a member within the
20 association which is a norm not generally practiced in the industry by all taxi associations is derived of certain standard requirements as stipulated here under:

1. Possession of a vehicle articulated as per road traffic act and the transport act

2. Vehicle documentation, if any, previously disadvantaged person, handicapped, personal identity or passport document, and all.
3. Professional driving permit
4. Subscribed affiliation fee, if any (not all of them need the affiliation fee)
- 5 5. Specific route type operating identified
6. Complimentary safety standards attended in the interim, if not duly accepted must be send to attend dedicated transport safety standardized trainings.

The regulatory system with regards previous registration process and the
10 operating license regime remain problematic in the sense that other
associations were victimized and not considered for the registration process as
sighted being associations not belonging to SANTAGU. The worse off scenario
is not even awarding these associations the same opportunity granted to other
such preferential associations, in line with the statute. And specifically the acts
15 of law of our country commencing from Act 22, of 2002, and including Act
number 5 of 2009. It is the input of the North West NTA that the drawn bill of the
department of transport must first relate to matters affecting the industry
negatively; while it must include unreservedly proper equality practices in
acquiring of operating licenses. Fair competition in equal forms and all subsidies
20 to infiltrate to all molds or be cancelled for equating the playing field which factor
might reduce or eradicate violent inclined systems.

Price regulations and price setting mechanisms for all modes of public transport.

(I think we heard the spokesperson earlier who was talking about taxi prices
25 from the organization that presented earlier. I thank him, you are our..).

All public passenger transport service providers are required by economies of
scale to charge market related fares, in order to provide a good passenger

transport service that is safer, comfortable and affordable to the users. More often than not, taxi associations do not use economic metrics as the fare setting mechanism. Instead, they set their fare below their closest competition, being the buses; while negating the fact that buses are subsidized and that the bus fare is a negligible portion of a subsidized fare. The minibus taxi industry by virtue of being the biggest people mover in the country is a deserving recipient of public passenger transport subsidies. However, the industry is discriminately excluded from the subsidies, perplexedly in favor of less deserving modes. This is unfair competition to the competing modes and very discrimination to taxi users. It is the responsibility of the government to assist its citizens to afford public transport, in carrying out their social and economic activities. In this regard the government has neglected its responsibility. The fact that 70% of the commuting public chose taxis as their preferred mode of public transport leaves government without a choice but to assist taxi users to afford market related fares.

Allocation of operational subsidies, and its impact on competition, intra and inter modern competition.

The fact that mobile minibus industry as a transport mode of choice for more than 65 – 70% of the commuting public has been left out of the public passenger transport subsidy is not only unfair but unconstitutional. In the apartheid error the minibus taxi industry was treated as the step-child of the public passenger transport system, which treatment is the consequence of it lagging behind in transformation and formalization? It is a sad reality that in the democratic government error, the same taxi industry is still doing worse than the step child scenario and yet expected to compete with other modes, while not

given adequate resources and enabling legislation for it to be at par with other modes of public transport.

It is a simple economic reality that an unsubsidized mode of transport mainly used by commuters who cannot afford to spend more than 10% of their
5 disposable income on transport will not compare at the same level as the modes of transport that are heavily subsidized, it is true.

Responding to (inaudible) by government on the modalities of subsidizing taxis, we are on record pleading with the government to instead of subsidizing modes of transport government must subsidize the commuter, thereby giving the
10 commuter freedom to choose their public transport mode of choice. This will not only the current discriminatory forms of subsidy but it will force service providers to improve their services for better safety and customer care records.

Transport planning: challenges in the implementation of integrated transport networks.

15 The minibus taxi industry is a victim of government failure at the local level to produce and finalize transport plans and integrated public transport network. We are left astounded as to the reason behind the delays of finalizing the transport plans, given the abundance of resources at the government's disposal.

20 Integration of public transport networks cannot be realized before the modal playing fields have been levelled. The bus rapid transit system enjoys huge infrastructure funding from the government, dedicated exclusive mobility lanes, modern facilities and technology wholly funded by the government. And also, it enjoys huge operational subsidies, whereas the minibus taxis are totally

excluded. While BRT systems offer a relatively better transport system to the commuters because of government financial assistance, it must be noted that at the rate these BRT systems are funded by the government they may not be sustainable in the future. and ultimately government will be forced to privatize them and consequently the worse case scenario the taxi industry would have been shortchanged into handing over its intention in a platter to bigger transport cooperate empowered through the apartheid error. We therefore conclude that integrated public transport mobility and public transport modal integration aim to reduce trouble times will not happen until the parity on the modes of public transport level playing fields.

Transportation in the public transport, assessment of the transformation level across the very chain is non existent.

Lack of transformation in the public transport is reflective of the lack of transformation of the South African society racially and in economic classes. Transport modes inadvertently or advertently cater for different social classes with varied race demographics. This aptly demonstrates affordability trends, making it easier for government to gauge its intervention requirements.

In the value chain ownership, the supplier remains white and rich and the customer remain black and poor, reflective of lack of transformation programs necessary for economic transformation.

The above clearly demonstrated by the minibus taxi owners calling themselves an industry while owning the fares which constitute negligible percent of the value chain.

Financial institutions are largely to blame in the lack of transformation in the taxi industry value chain ownership in that they have stubbornly refused access to acquisition funding to the taxi industry while they continue to make billions of rands through taxi finance and transactional revenue.

- 5 Ownership and partnerships in the taxi industry value chain must change to reflect the racial demographics of both the consumer and the user.

The impact of the BRT implementation to the renewal operating license.

BRT enjoys unfair financial assistance over minibus taxi. Taxi operators go through a longer and protracted process to obtain operating licenses which is not the case with the BRTs. National and Transport act 5 of 2009 limits the validity of operating licenses to a minimum of 7 years (I understand some say 5 years but the Act says 7 years, hence the competition commission heard itself that the North West province they talk about 5 years where the act stipulates 7 years), yet the BRT operating licenses are valid for 12 years in line with the BRT contract. The 7 year operating license validity is an impediment to long term investments in the taxi industry.

In routes that are to be constructed government enjoys legislation support to opt not to renew existing operating licenses in that area and this weakens the taxi industry's capacity to negotiate compensation values when BRT is implemented.

Renewal of taxi operating licenses in BRT implementing areas is subject to the failure transport plans of that area which means taxis exist at the behest of BRT systems. The only black empowerment created for blacks by blacks.

Access to finance for taxi operators

Cost of finance is too high for taxi operators hence the high rates of repossessions. Lending rates are exorbitant, ranging between 14 and 28%. I think I saw two of them in my life that were up to 32% through SA taxi finance, depending on the financial institutions ratings. It means when you look for
5 finance they rate you individually. The financial institution approval score cards are heavily loaded against taxi operators being approved, hence the taxi industry failure to replace aged taxis that are neither safe economical reasons to operate.

Given their almost identical approval rates and declines, collusions suspicions
10 cannot be ruled out, that's a fact.

National credit act legislation in it's intended objectives of protecting consumers against exploitation has inadvertently emboldened financial institutions not to hide behind its reckless lending provisions to deny taxi operators finance when it suits them.

15 As an apolitical economic group we wouldn't want to delve into politics but equally we cannot avoid suspecting that this may be a consequence of 4 million citizens controlling an economy of 54 million citizens' finance by only 4 major banks.

Access to structures and terminal facilities

20 Taxi ranks throughout the country largely remain underdeveloped, chaotic concrete jungles, not fit for human habitants in the 21st century. On 8 November 2017 the National Taxi Alliance presented a memorandum of grievances in the South African local government association highlighting these anomalies and demanding corrective action. This has not yet been responded to.

Taxi operators have limited or no control at all over taxi ranks that are owned and to a greater controlled by metro municipalities

Advertising and trading revenue at taxi rank exclusively benefit metros and municipalities at the exclusion of the new class of the taxi ranks business apps
5 in the taxi industry.

(I think I would even mention that in Rustenburg we organized revenue for the municipality but we thought that they will maintain the rank better with the funds we have created for advertisements in the rank, zero)

Lack of modern ranking facilities holding area and other necessary facilities
10 retouch formalization and development of industry, rendering it unattractive to investors and in the long term users.

Contracting relating to bus operators.

Long term contracts which has not been subjected to competitive bidding.

Ever green contracts entered into during the apartheid era still exists, at the
15 exclusion of other role players in the passenger public transport sector. These contracts are both illegal and unconstitutional but they continue to exist in the new dispensation. We have requested copies and other information in regarding these illegal contracts agreements from both the national department of transport and the North West department of transport to no avail. We have now
20 activated the PAGA legislation to assist us with access to the information with the view of challenging the legality of those contracts agreements since they will ... or even be consulted on. We are desperate to access contracts and agreements information before the issuing of the new bus contract tenders and the awarding of such tenders. We believe the competition commission using the

legislative powers vested with it may, with due respect, assist to expedite access to the information on the ever green contracts or agreements and any other information pertinent to this matter.

My last page Mr Ngobeni must...

5 That is my last page

Commit experiences, waiting time, cost of public transport, walking distances to public transport facilities and imperative scenario for our clientele. Taxi commuters through the systematic discrimination of the taxi mode of transport, do not have the good public transport traveling experiences. Taxis are
10 estimated to be transporting 16 million passengers on a one way journey daily but are not given enhancing dedicated lanes and that has a negative impact on their traveling experiences. The taxi industry mainly caters for the poor and consequently the poor cannot afford market related fares determined through universally accepted public transport service providers cost calculations, hence
15 the cries for government to subsidize taxi passengers. Waiting times are lengthened by lack of dedicated lanes and targeting of taxis by law enforcement stop and searches during pick hour resulting in unnecessary prolonged trips. Due to the uncorrected apartheid special residential planning, taxi passengers in many instances are forced to walk more than 500 meters to catch a taxi,
20 irrespective of the weather conditions, age and fitness of the commuter. Taxi facilities are not ideally located for the convenience of passengers.

I thank you.

CHAIRPERSON: Thank you very much Mr Mogale for a very detailed presentation. Mr Sikhosana is there anything you wish to add or any emphasis that t you wish to highlight.

MR. SIKHOSANA: Thank you Sir. I think my colleague has touched all the
5 critical points. Because of the time that has already constrained, I will pause.

Chairperson: Alright, thank you. We will again follow the law of priorities issue; we will allow one question per person. Mr Ngobeni...

MR. NGOBENI: Thank you Chair. Thank Mr. Mogale for your submission. Only one question relating to the current BRT, the proposed BRT corridors. We
10 heard this morning that the one is the (inaudible) corridor and there is the (inaudible) corridor. The question that I have is whether any of your members are affected in any those routes and what has been your engagement with the City in relation to the current BRT system that they have in mind?

MR. SIKHOSANA: Let me take it, I think that is direct on me, I am from
15 Rustenburg and the association that I am operating is directly affected but as Mogale has already quoted many things about BRT. When they started they were saying they will empower us but before reaching to the BRT system, is this empowering the industry? As I may quote, two weeks back the (inaudible) where at Rustenburg the Mayor and the same gentleman who was here they
20 were questioned. Since this started we have lost, we don't have a profit. Because if you may have a visit in Rustenburg, all the CBD roads that were mentioned, those two corridors and the general CBD inside the roads are closed; so we are losing day by day. Whereby we have even engaged with the municipality saying "what are you compensating us?" Because even the

contractor is paid for digging, closing, whereas we are being disempowered and it's 100% disempowered. Thank you.

CHAIRPERSON: You may follow up, Mr Ngobeni.

MR. NGOBENI: Thank you Chair. When you say you are being disempowered I
5 understood the City to be saying in the morning that they are nine associations
that are involved in the..., I think it is what they term "Phase one" What is the
type of engagement that you have had with the City in terms of how they see
operators being compensated for into this system?

MR. SIKHOSANA: Nine affected association, not on Phase one. On Phase one
10 and two. But probably by now it's only Phase 1, which is one corridor its
Tlhabane and Gelhoutpark whereby it was supposed to kick start last of last
year. That is why I am saying the municipality itself is not reliable because by
now although they were supposed to pop up the money to secure 30 buses, but
still not yet. But they are saying the contractor will be finished on the 30th of
15 September but everything is not done. I think maybe, I have answered.

CHAIRPERSON: You may add.

MR. MOGALE: I think I may add on this instance that the presentation in the
morning stated that it is envisaged to commence in 2019 but with due respect
honorable panel, I would request you to pass through Rustenburg and see the
20 diggings of the whole town. The thing is they don't concentrate on a small
sector, develop it, finish it, go to another sector. They have engraved the city
throughout, we don't think that 2019 is most appropriate. It will maybe overlap to
2020, 2021 for completion. That is the scenario that my colleague states that
the municipality is not fair in dealings and there are a number of imperatives

that they ought to have arrived at last year, of which they were not able to meet in this period and time.

CHAIRPERSON: You may add Mr Sikhosana.

MR. SIKHOSANA: Thank you Chair. Again, maybe the direct question I may
5 answer like this, as I was saying the municipality, when they were doing their
presentation they were saying they are doing well with these associations;
those nine affected associations. It's nine affected associations and they
formed, they call it TNF, which is Taxi Negotiation Forum. From each
association is two representatives, whereby as I was saying that they are just
10 on the contract, not on the ideal of going forward with the affected associations.
Since last year October where they were supposed to folk out the money for the
buses till now. I think there is no meeting from last year October till now. Up
until last week where we requested an urgent meeting with the Mayor, whereby
even our Technical Advisor the contract ended on January. From last year
15 June, nothing were...no meeting. That's why I alluded with my colleague that
the gentleman who was here he was saying on the part of the construction not
of the negotiation team, so everything stands still.

CHAIRPERSON: Mr Ngobeni you may ask Mr. Lesofe's question, and the
follow up

20 **MR LESOFE:** I just have a question in relation to the technical advisors and
experts who have been appointed by the city, is there any... I understand that
you are saying not much has been done, but have they done any work for you,
the technical advisors? Have they provided any assistance and are you happy
with the services that they render?

MR. SIKHOSANA: Let me correct, there are two technical advisors, it's from the municipality and from the taxi industry so are you referring ...?

MR. LESOFE: I am referring specifically to those who were appointed by the city.

5 **MR SIKHOSANA:** As I was saying, you know what makes them not to participate or their job to be standstill is this... let me use the word "Chop and changes," They are hiring consultants, maybe after two weeks or two months then you will find that those technical advisors are no more there, there are others, so that is why the issue of this RRT is being prolonged.

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

CHAIRPERSON: You may ask a follow up question Mr Lesofe.

MR MANDIRIZA: I can ask. I think I just made a follow up on Mr. Lesofe's question, in terms of, I think the technical advisors that have been appointed by the city for the taxi industry; so his question is: Are you happy with the way are
15 assisting you in negotiating with the City and you can enlighten us on some of the aspects that they are assisting you. Thank you.

MR. SIKHOSANA: I am a little bit lost because my colleague was talking about the one that is appointed by the city and we have got the one that is being appointed on the side of the industry.

20 **MR. MANDIRIZA:** Because what we heard this morning from the City is that they have appointed advisors to assist the taxi industry in the negotiations, is that correct?

MR. SIKHOSANA: They are lying, that is why the correct answer is that both parties they have advisors, we ourselves we have appointed our adviser. It's just the money is from the (inaudible) of the municipality. We do the job, we as the taxi negotiator we request their payments to the RLM, to the municipality.

5 It's just they are being paid by them but the technical advisor for the municipality doesn't fall on us.

MR. MANDIRIZA: Okay. Thank you.

10 **MS. NONTOMBANA**: I just have one question on the issuing of operating licences, I understood from the submissions that there have been challenges with the issuing of licences in relation to new routes but also in relation to the implementation of the moratoria and I just wanted to understand because earlier the province told us was that in terms of the new applications, there is a
15 moratoria but from the submissions it seems that you are saying that there are licences that are being issued for preferred associations. They also said that when it comes to renewals, those have been approved or granted if they meet their requirements and I just wanted to get a sense of your experience or the experience of your members with regards to the applications, during the
20 moratoria as well as renewals

.....Thank you chairperson, through you.

MR. MOGALE: I don't know how to state this categorically clear so that it must get right into the ears of people who don't know and understand the ramifications thereof but I will state in layman terms that, you know the officers within the department prefer always to come up with fabricated facts and don't

5 what to stick to the truth. I related to certain issues here. All the applications that came before the current interim pre were not launched in a period of the current interim pre, they were all dated back to 2008 when there was still Act 22 of 2000 and they range from 2008 until to current period where our last applications where in 2016 at the institution realising that there is a moratoria. How they

10 come up with the moratoria, what they want to benefit out of the reasoning of having a moratoria as a province alone without an issue because one has to come up with the terms that if you institute a moratoria this side, we have operations with the other provinces that have the type of moratoria and they are going to increase their fleet over and above ours where we are apart not to

15 come up with those type of fleet. And it turns to become an operation that is unfair, where others enjoy more in your own province and in their own province of destination where you suffer on both areas. You name the interaction of North West. North West is attached to Northern Cape, Free State, Gauteng, Limpopo and all the operations that comes immediately from those joined

20 provinces are going to benefit more than these ones. Why do you have to have that type of unfair competition? Instead when you come up with a moratorium, other provinces must also fall through so that it must be an equal format. Now, the operating licences scenario and the moratoria are intertwined in that you don't realise it if they don't want to give it to you. There is no impartiality, no

25 independence of the board because it is affected by all officers and the

departments within the department of Public Safety and Transport Management. So that is why we say we have ample proof beyond any shed of doubt, that they are granting others and not grating those that have preferential treatment as it is their routes that they are granting on top of the operators who
5 are operating there.

CHAIRPERSON: Thank you very much Mr Mogale and Mr Skhosana for your time and for a very detailed and insightful presentation. We will certainly take up the issues that you have raised in your presentation with the relevant stakeholders including the provincial as well as the national departments of
10 transport. You are excused, thank you very much.

MR MOGALE...We thank you chairperson

MR SIKHOSANA: Thank you
15

CHAIRPERSON: We will take a short adjournment of five minutes break and we will then resume at 5:30 to receive the last presentation.

CHAIRPERSON: Welcome back, we will now resume the session, Welcome sir and thank you very much for coming and more importantly thank you very much
20 for your patience. We would like to similarly extend our sincere apologies in terms of time because some of the presentation went beyond what we had initially anticipated but nonetheless we really appreciate the fact that you did not leave and you still stayed on. Thank you very much, we really appreciate that

and I think we will just start with the formalities if you could just take the oath or the affirmation and then we will go into your presentation.

MR. MATHABANE: Good evening, my name is Sam Mathabane and I come from Tshwane Rapid Transit. I swear that the evidence that I shall give shall be
5 the truth, the whole truth and nothing but the truth, so help me God.

CHAIRPERSON: Thank you very much Mr Mathabane, if you could just start by introducing your organisation, your position within the organisation and how long have you held your position within the organisation and then you can then take us through your presentation.

10 **MR. MATHEBANE:** I represent Tshwane Rapid Transit which is the BRT that is operating in the Tshwane region. The BRT started its operation in 2014, and I joined the company in 2015 as the operations executive and then since October 2017 I then took over as the Chief Executive Officer.

CHAIRPERSON: Now you may take us through your presentation.

15 **MR. MATHEBANE:** I will just go directly into the operations. BRT operations in Tshwane are operating within the city; we are moving passengers from rainbow Junction to Hatfield. Rainbow Junction is in Wonderboom. We have challenges in that space with low passenger numbers versus the plan purely because of the design of the system. Where it was designed and when the actualisation
20 took place, there were two different issues. We started in 2014 with the inception phase, and that inception phase was meant to be 3 years cost recovery and thereafter in 2017 November we were supposed to start the 12 year cost per km profitable ailment contract, however with the challenges of the infrastructure not being ready, as number one we were not able to go into a 12

year contract as a result we are currently in contractual discussions with the city now about the short gap in between now and the time that we started the 12year contract. That problem also is caused by the fact that with the infrastructure not being complete, we are unable to finalise the shareholder on
5 boarding from the taxi industry meaning that the taxi industry that are affected. Yes some have been receiving partial compensations and some have received full compensations depending on the areas that they operate for instance there is the 3 taxi operator associations in Hammanskraal where 375 operators have received each the R300 000 for partial drop offs where they need to drop off
10 passengers in Wonderboom and moving them into the city centre and with regards to the Pretoria station, compensation has not been finalised yet there were it will be a total clearing passengers in that space and the main lands are delayed due to infrastructure .

The bus fares within the BRT systems are managed by the city and collected by
15 the city. We are currently being paid on a cost recovery basis and very Rand that we spend we recover it back from the city, however when we go into the cost per km environment, it will mean that we will have a cost per km rate that we charge the city and they pay that and they still continue to collect the fares and the revenue.

20 I must say that they also own the brand, the main reason for that is normally with the BRT you are never sure whether it will be one BRT the whole city or there will be multiple bus operating companies within the city that is why the city normally will put one umbrella body in our case which it is Arien that collects the fares. If you look at a comparison of Johannesburg you have got Ditsamaiso
25 and Paltrans which are the bus operating companies and the brand is Reavaya.

Look at Capetown we have got four different buses operating companies all working through one system called My-City. That is one of the reasons those are happening, we also do not have direct communication with the passengers that is the responsibility of the brand which is the RM brand in this case. We

5 also do not do any marketing; that is done by the city. Some of the challenges that we have I think with regards to technology, there are a number of latent design issues both on the technology in terms of the ITS (intelligent transporting systems) and also on the vehicles themselves, this affects the bus life cost because now when you have got faults that are of latent design nature they will

10 continue (inaudible) with you throughout the life of the bus and they are bearing costs in terms of the repairs in that space. The same infrastructures delays are causing us basically to lose revenue for instance right now our buses are already in their 4th year and a bus life cycle is about 8 years. We still continue again, and we don't know how long we continue with the cost recovery period

15 with negotiations that is going on. But it may lead up to 3 years, and should it become another 3 years of cost recovery means that we will only start a profit element at the end of the 6th year by that time your buses are left with 2 years and you need to start recapitalising and therefore it increases the cost of operations .I must say one of the difference is between the Tshwane Rapid

20 Transit and the other BOC is that in September last year we were approached by the Gauteng province to go and assist in Mamelodi, the main reason for that is the look at ourselves to say that with the delays we have buses that are not yet utilised. And we went into Mamelodi after Autopax had ceded the contract back to the province and we took over the Mamelodi commuter bus services

which is not under the IRPTN side, however it is controlled by the PTOG grants which is normal bus commuter systems.

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10 Mamelodi commuter bus services which is not under the IRPTN side, however it is controlled by the PTOG grants which normal bus commuter systems would .We did that on a 6 month contract which ended on the 31st of March that was extended by 6 months which we are operating till the 30th of September currently. We are operating 46 buses in that space instead of 73, the issue

15 there is that we looked at the buses that we had and spares in terms of capacity we put those buses in, we are unable to go and lease buses out because the shortness of the period makes it too costly for us to cover that. And the fact that the two companies, PUTCO and Autopax that had left those contracts they left them because they we not making any money in that space and that put us in a

20 similar situation. And that operation is comprising of subsidised routes and unsubsidised routes. Those contracts I heard the 2018 talking about the Evergreen contracts. Those are contracts that were issued out in 1996 .If we look at 1996 and if we look at today, Mamelodi has grown and majority of the areas that Mamelodi has grown into are the areas which are not subsidised

25 because they subsidise only from the old Mamelodi, from the Balebogeng and

Wonderboom outside into the city but if you look at Mamelodi right now you have to collect all the way from Mosaka, Mahobe into the main township before you move out .And that was also causing some of the complications. I must say that we have a very good department partnership with the taxi industry in

5 Mamelodi. Both major associations in Mamelodi Malta and Mata formed a company called Mamelodi Transport Solutions, and that Mamelodi Transport Solutions is a partner of ours in that a particular operation, we were together with them, with the aim of capacitating them for future takeover of such contracts for themselves. They are not only doing this without them starting

10 other arrangements with the likes of PUTCO and as well we are also assisting in the incapacitating thereof. When you look at the Mamelodi operations the fare structure, Autopax when they started in 2015, PUTCO had just given up in June and therefore there was no price increasing in that particular area. They operated it in 2016 and put a fare increase, 2017 when they decided to give up

15 the operation they also did not put a fare increase when we took over we could not put in new fares in that space, so we had to move in with the fare structure that was in existence at that points and so we moved in with that fare structure.

That fare structure looks its 2 years old in terms of normal CPI increases but we had to run at that and the fact is such low fares are also part to the problems

20 with the taxi industry they came to us complaining that our fares are low but looking at the provisions of the rules and regulations that exist we were not able to get in and increase the fares. We have recently now increased the fares by between 3 and 7 % but majority of the rand value there its 1 rand per sector in that space. And we all know that Mamelodi is rife with riot that the cost us to

25 have high cost structure with regard to security because every morning around

3 am we have to scan the township before we release buses otherwise buses will be burnt. 2015 Autopax lost 19 buses; we cannot afford to become to get into that situation.

Terms of the allocation of the operational subsidies

5 The route network as it is right now comprises both subsidised and unsubsidised and the province does not support on the unsubsidised routes, so therefore applications of the operating permits when it comes to that point we are basically on our own in terms of those applications and some of the routes we cannot even extended to them because we are unable to get those
10 operating licences. Another factor is that for us to get to the maximum number of buses we need to lease buses. However the system within does not allow for buses that have not been paid for to be issued with operating licences. And that is a matter that we have taken up. We have also contacted with the chairperson maybe to try and get solutions around those because it's only when you have a
15 bus that is fully paid off that you able to get the operating licences even if you have a contract in your hand. And we also had an option of looking at, if we had to operate only the subsidised versions of the routes, we will be leaving half of the passengers and therefore it will not make sense to operate such a service so it is the pros and cons that we also need to look at .We have looked at the
20 operations we are able since we are working with the taxi industries, we have met some of the suggestions to look at , making sure that even the bus contracts that we have can be beneficial to both the buses and the taxi industry . For instance we have got newer developments in the spaces that we operating in, you find that taxi operators are fighting for the space in that environment,
25 however if we all work together in that space, we could have some of the taxi

operations in that space feeding into the main buses and therefore all working together and making sure that we move passengers without problems.

Regulation of pricing is required in the transport sector to protect the poor, I think there were indications about whether we need to subsidise the commuter.

5 There are many ways, yes the current system does not seem to work, the bus industry is complaining about how it works. Yes the taxi industry is complaining that they are not getting anything at all of that pie, however when you look at for instance the cost of fuel which range between 35 -45% of any transport operator. If that could be used as a method of subsidising transport it will be
10 equal among all the participants instead of looking at the monies that are paid into each ones as a company or association, that for me will be one of the best ways of looking at it going forward.

Implementation of the BRT

This was meant to improve the mobility to be affordable and required to provide
15 a safe and reliable transport system that integrates with other modes. The challenge here is that the issue of integration and the understanding thereof. The BRTs are meant to be high rapid links faster and BRT are not meant to move smaller routes. BRT are meant to be on the main roads and therefore the taxis and the smaller buses need to feed in the main road within that system
20 and it's a matter of for instance where associations are formed as companies that formalise and feed into the BRT system that can make sure that the BRT systems work better. The cost structures within the transport of BRT have been exorbitant when u looks at the infrastructure. I think maybe it was because there was nothing. People are starting from scratch building the roads and stations

maybe we don't have to built the stations the way that are built we could look at better of ways of having those in a cost effective mode.

Automated fare collecting systems

For me at a personal level looking at this we go on and look for systems
5 because we go out on tender through government systems and that for me is
problematic. However you can get off the shelf systems that are ten times
cheap and more efficient in those types of environment. And we need to be
open minded when we look at automated fare collecting systems and ITS
10 systems we should not just look at having a bulkier system that will do
everything at once because then people see the opportunities of compounding
costs. There are cheaper systems ten times cheaper systems of the share that
you can get from customers each time we have got an operator. For instance in
Mamelodi we were able, within two weeks, to set up a cash less operation we
15 are not collecting cash, no driver carries cash and everything is done on a card
inside the buses and we were able to do that within two weeks. That could be
done else were and that will save quiet a lot of money people collecting cash
add up about 20% so for every 100 rand, 20 rand basically goes down the
drain.

Transformation

20 Any shareholding in any business needs to make financial sense , profitability
versus social responsibility in transport needs to be clarified by the government
for both taxies and buses .We are saying transport is an essential service and
we are saying that BRTs are not there for profit, however there need to be
sustainable. So the argument becomes at what profitability the company is

becoming sustainable. Those are the arguments you bring in a taxi association that for example the 375 operators in Hammanskraal that were each given R300000 now have turned back and say the money which u have given us is not enough for us to continue and now they start going back on the same
5 system that they were paid to give up. We look at issues around, will that sustain them if u bring them as shareholders in the business, what level of profitability were they making in the taxis versus what they are going to make in the BRT system. Will that stain them. For instance we are looking at issues in Cape Town , we visited our community in Cape Town on fault finding especially
10 on the contract we are doing, majority of the shareholders in the taxi industries that are now shareholders of the BRTs. Some have gone back and then brought taxis again and are illegally operating it is the issues of profitability maybe on my own I was making enough money to sustain myself but as a company we are not making enough money from the dividends for me to
15 sustain my operation therefore I need to make some means to survive and those are some of the real challenges that we need to look at deeply. Another factor that they are looking at is all the contracts will be 12 yrs. The taxi operator can run them so long they can renew they contracts, their operating licence they can go on for life even if it's a family business can go over through inheritance
20 to the next generation, however when there get the BRTs systems they are only limited to 12 years, after 12 years it's an open tender, anybody can come in or are we saying that I am giving up my life for a 12 year earning. So those are some of the challenges we have in that space regarding transformation. I must say that in Tshwane we do have a very great participative leadership from both
25 SANTACO and NTA.

We have got the two readers from SANTACO and NTA as members of our board and the third member of the board comes from PUTCO who is representing all the bus companies. So we have got 33 % representation of each. 33% from the buses and the 66% is shared between the 2 associations and together in Tshwane they are leading about 42 associations in those two different sectors. And that helps a lot, we have seen in different areas they have as their source of conflict .I think our work with MYTRANS, we have set it out in such a way that we are assisting in capacitating them for business, rolling out business advice and also assisting them in making sure that they become financially viable and also become suppliers in our business. As a company because when you look at dividends only they won't be able to survive. Strong partnerships within the taxi industry bodies and government are imperative for longer term survivals. This in the main, are the causes of problems that we are having in the systems clear terms of reference and rules of engagements that are sustainable and stand the test of leadership changes and both there should not be a situation where leaders address in everything that because these are the current leaders, agreements and everything can be supported by them when leadership changes the new team can come in and feel that the rules are not supportive of the system going forward. Commitment to projects it's a key problem right now the challenges we are having that one party pulls out they are no longer committed and the other parties then start to change the playing field because there is no commitment in the system. I think we need to go beyond our current system and look at how we develop ways of benefiting everybody within the transport industry. There are a lot of ways that we need to look at and utilise.

The price setting mechanisms

Public transport is for public therefore price should have an element of regulation by the government in line with costs. If this is left, to individuals to deal with as in when they see fit we will continuously have problems in this space. I think the issues around the fuel pricing in this particular year just to explain for instance we can look at 6 months ago, diesel was R13, today its sitting at R16, 10: where are those costs absorbed? Such discussions that now you start to have similar kilometres within different sectors within the city having two different types of pricing. We are having an issue where we have the taxi industry complaining that the buses are cheaper, increase your prices so that competition is levelled but how then do you sit and discuss, we will end up having this forum as well that we are committing on pricing, if we are going to sit and say you charge so much and I charge so much. However if it's regulated, it provides guidance in terms of how everybody should move forward. In the BRT system, pricing is determined by the cities and operators are paid on a cost per km basis as I indicated already that we are in our 4th year of cost recovery meaning that we still not making profit. The systems are well known and available however with restrictions as well around the issues of marketing and communication, we find ourselves not being able to assist where we can with regards to having more sits in the buses because of the rules that are set in terms of what we need to be following.

Due to our pricing in Mamelodi we have had overloads in our buses this basically because of the favourable pricing that we had, not that we wanted to have favourable prices but it was big because of the contractual issues that happened in the past 3 years that has brought a lot of unhappiness with the

stakeholders around us we continuously get knocks in our doors, people coming to complain about how we affecting them negatively in the space. However even if we were going to increase prices, and go higher, the economic situation right now does not allow for that . We have got a lot of complains and
5 lot of marches and protests by people who still don't want us to go even higher than our pricing especially in Mamelodi we have almost every night Monday to Friday we have got protests happening . We need to have a consideration to other modes of transport and their impact on our pricing.

This through the regulations can be done, e.g. if we look at the train service,
10 bus service, tax service and how it fits and integrate into one another therefore pricing also needs to talk to that . Thank you very much we can take questions

CHAIRPERSON: Thank you very much Mr Mathabane. Mr Mathabane, do you have just a few minutes for a couple of questions from our side?

MR. MATHABANE: Yes.

15 **CHAIRPERSON:** Thank you, Mr Lesofe.

MR. LESOFE: Thank you chair, if we could start with just understanding your background, before the position of CEO that you are holding, what was the position that you held before in the TRT. Have you always held your current position?

20 **MR. MATHABANE:** I joined TRT in 2015 as an Operations Manager, Executive manager and this is the position that I have held since 2015 up until September 2017 when I was appointed CEO. Before that I was with Autopax as a National Engineering Manager and also I've held 3 years with Autopax as a COO. My

background is that I'm a mechanical engineer and a system engineer by training.

MR. LESOFE: And then how were you recruited, were you heard hunted or it was an advert process? How did you join TRT?

5 **MR. MATHABANE**: My joining of TRT I was head hunted because I was working with Mercedes Benz at the time on a project and the then CEO of TRT having been looking, found out because we were working together when they were taking delivery of the buses and then they requested for my Cv and I submitted it then we had interviews and then I was recruited as an Operations
10 manager at the time.

MR. LESOFE: Sorry who was the CEO then?

MR. MATHABANE: Mrs Bokeka (inaudible).

MR. LESOFE: Ok. Just to confirm, you have never been a taxi operator, you have never owned a taxi

15 **MR. MATHABANE**: No I'm a professional, basically the rule within TRT is that the management team would be recruited as professionals, it is only the board and the junior staff members that are coming from the taxi industry but middle management, senior management and executives are recruited as professionals.

20 **MR. LESOFE**: Maybe let's start with the board. In the board how many former taxi operators are parts of the board?

MR. MATHABANE: We have 2 taxi operators who are leaders, one is a leader of NTA and one is a leader of SANTACO. They haven't yet given away their taxis because the process of shareholding hasn't been completed.

MR. LESOFE: Ok, and in the presentation that I have there is some sort of TRT
5 structure, there is a slide. If you could help us identify based on the structure, positions that are held by former taxi operators and I use this term broadly to include both taxi drivers and taxi owners.

MR. MATHABANE: For instance, when you look at drivers, all the drivers we recruit from the taxi industry when you look at the technical staff we recruit the
10 technical staff from the taxi industry. All positions that will start from finance manager, accountant, procurement officer, those will be professionals and below that we then recruit from the taxi industry. We look at HR, all the positions in the HR are all professionals , operations support officer we have one which is vacant right now we are recruiting with a professional however we have one
15 from the taxi industry who are developing in this road right now. We look at supervisors; they are all hired as professionals and including driver and driver conductors. We look at technical, the technical manager and foremen are all professionals. Below that we recruit from the taxi industry however we have got a challenge with artisans, you will never find artisans easier within that space
20 and where we try to recruit within the taxi industry and we are unable to do that, we then get permission from the board to go out. How they do it is the taxi industry within Tshwane has formulated a committee called taxi deployment committee so they will then go and collect Cvs from all.

If we have positions that we need that we know that we are going to get from them who will do an advert given to them, they will then go to their 42 associations, look for people, tell people to submit their Cvs, they will then bring their Cvs, submit with our HR teams screen those Cvs including those that we
5 shortlist then we will move forward then we will start the formal process with those. Scheduling officer and the industrial engineer and depot manager, those as well are management roles that will be looking outside

MR. LESOFE: In short what is the role of the scheduling officer?

MR. MATHABANE: The role of a scheduling officer is to make sure that the bus
10 is available on time at the right place with a driver at all times. So he places the operations and then he manages the execution of it to say have we managed to, for instance in the bus industry we are penalised for late departures , we are penalised when a driver is not available, so the scheduling officer is responsible for making sure that all that is taking place.

15 **MR. LESOFE:** And you said this position is held by professionals.

MR. MATHABANE: Yes, it's a highly skilled role, there are very few in the country.

MR. LESOFE: And a technical manager what is the role of him.

MR. MATHABANE: Technical manager is an engineer; he is responsible for the
20 maintenance of buses and facilities.

MR. LESOFE: And the Operations support officer?

MR. MATHABANE: Operations support officer basically it's an admin manager responsible for all operations and administrations.

MR. LESOFE: Ok, Now in terms of fair determinations, is there any rule that TRT plays in that regard.

MR. MATHABANE: In the PTOG contract that we currently having up until the 30th of September yes, we have a role where basically we will then sit with the
5 committee in Mamelodi of the passenger forum, we also sit with the province and we say these are our current phase, how they do we move forward to discuss that we consult and then we determine those. In the BRT space we have no role at all.

MR. LESOFE: Ok, And in term of perhaps, before we even get to the fair
10 collection, I mean based on your assessment we can say it's necessary for TRT to be involved in that process especially because this has a direct impact on your operations, your profit ability and your essentially dividend as well .

MR. MATHABANE: It is imperative that we get involved in terms of price determination especially because the city officials basically are more at an
15 administrative level, we are in the ground with the people on a daily basis. We have more insight of what is happening on the ground than they would have. So it is very critical that we get involved.

MR. LESOFE: And have you proposed this with the city, have you prioritised, even propose to the city that you will be allowed to be involved in that process.

20 **MR. MATHABANE:** Yes, we have.

MR. LESOFE: And what was the city's reaction to that.

MR. MATHABANE: At the point where we raised the issue was the contract does not allow you to get involved in that, now that we are busy with the

contract, we are trying to see if we can get involved again in this process going forward. But we are hoping that we will be at least having unit, because on the marketing side at least they have considered that we need to going forward have an element in it so we are hoping that on this one, but remember on a
5 contract it's a give or take, you may not get everything that you want.

MR. LESOFE: Would you say there is resistance on the part of the city?

MR. MATHABANE: I wouldn't call it resistance as such but there is the issue with Tshwane maybe just speaking for Tshwane is that with the political dispensation that has changed recently the BRT is viewed differently between
10 the two different administrations.

MR. LESOFE: Could you expand on that?

MR. MATHABANE: The ANC had a view because they were the ones that set it out in 2012 when the promulgated this and then ran through the mirror to get these resolutions they were supportive so even in term of suggestions and
15 changes it was easier to get some of the changes done, however the new team that took over recently they are for instance they are way of thinking would be that guys we doing things wrongly, we want to correct everything without first having to look at what is the proper assessment but we will have taken the city manager through presentations and engaged with him a lot on this thing and
20 that approach I think is changing .

MR. LESOFE: And how does the board generally feel about the new administration and all that frustrations.

MR. MATHABANE: No we working very well with them, yes ways of thinking are different but at the end of the day it's how we engage on a daily basis and

how we engage in formal structures more than how we feel as individuals about it

MR. LESOFE: And then with regards to fare collection is there any role that TRT plays in that regard.

5 **MR. MATHABANE:** Again on the BRT side, there is nothing except that our driver needs to make sure that everybody who comes in with a card taps in and taps out, if the card shows that you don't have money, the driver is supposed to tell you not to come in that's the only element that we play but beyond that we are not involved. On the Mamelodi side, yes we are involved because basically
10 that collection is done through systems that we have procured.

MR. LESOFE: Again do you consider this as an important function that TRT should be helping out to perform that is in the context of BRT.

MR. MATHABANE: In the context of BRT, the fare determination and fare collection is one element, so you cannot get involved in one and not the other.

15 **MR. LESOFE:** Ok.

MR. MATHABANE: If you get involved in one you should also get involved in both.

MR. LESOFE: And does TRT receive any reports on the performance of BRT from the city.

20 **MR. MATHABANE:** Yes we have got formal structural meetings weekly we sit in the joint operation committees were we share reports and then monthly we sit in the steering committee in which case everybody receive major shares in that meeting.

MR. LESOFE: And just take us through the kind of reports that you receive, what do they entail.

MR. MATHABANE: We will have a report that will indicate our appearance to schedule, which is number one and reports that will talk to breakdowns and penalties that we may encounter because of areas where we did not meet the required and then we will then have problems individual that is an integrated control centre with the camera system that they can view all the bus on en route, or where there are problems they get involved and then they will also give us reports on what are the challenges there we will then look at passenger numbers , what information is there and on our side we will give them the km report in terms of how many km have been operated, how many trips have we operated or missed etc.

MR. LESOFE: Any reports on revenue.

MR. MATHABANE: Revenue they will just tell us if we ask, they don't just give it to us, it's not part of the report.

MR. LESOFE: Now if you could tell us about the....so how many taxi operators does TRT have as shareholders?

MR. MATHABANE: I've indicated earlier that we have not yet finalised our shareholding structure, the companies held in trust at the moment.

MR. LESOFE: In terms of the current contract, how many taxi operators.

MR. MATHABANE: We don't have specific shareholders currently, the companies held in trust and the beneficiaries are the 42 associations.

As in when an association gets affected and gets included in it then becomes the issue of the stakeholder. For instance the closest to becoming shareholders at the moment even though it's not yet done are the 375 that have been given a compensation of R300000 each. The next process is determining how they buy
5 their shares into the company so at the moment the company is held on trust and there are no shareholders.

MR. LESOFE: And besides that compensation, is there any other benefit that operators do have?

MR. MATHABANE: At the moment TRT run on the cost to recovery so there
10 isn't any profit that has been made; we get paid for every cent that we make.

MR. LESOFE: It has been running on cost recovery for 4 years now?

MR. MATHABANE: Yes.

MR. LESOFE: Do you have any idea in terms of this would be the position until when?

15 **MR. MATHABANE:** What I detected earlier is that we completed the 3-year inception phase formally in November 2017 we are supposed to start a 12 year contract which then looks into profitability but we are unable, we are currently in negotiations with the city I don't know how long will this take but from the sense that we get when we negotiate with them it looks like they want to put another 3
20 years of cost recovery before we start the profitability element.

MR. LESOFE: And for the 6-month contract for the Mamelodi route, you seem to have control over fares and fare collection right.

MR. MATHABANE: Yes.

MR. LESOFE: So how do you compensate, what is the arrangement with the affected operators on that route, what is the general arrangement with any operator for that route.

MR. MATHABANE: It is not a BRT operation, it's a PTOG(public transport
5 operating grant) operation, so the province gave the city a contract in which the city then gave us a contract to operate that service, what we have then done was to go into Mamelodi and have discussions with the current operators but they are not affected in that space, they have been operating parallel with previously Autopax and PUTCO since 1996, all those routes but right now
10 because of the empowerment model we sat with them and said lets formalise the structure that will take us into the company moving forward.

Right now what we do is we operating these routes on a temporary basis with the aim that we will get a longer term contract and if we go into a longer term contract. We will be adding a shareholding of either 51/49 or 60/40 which is the
15 board that is currently discussing those elements.

MR. LESOFE: And what happens to the fares that are collected on that route.

MR. MATHABANE: Currently the operations as we run it, we are breaking even the operations, TRT collects all that money.

MR. LESOFE: And how is it distributed?

20 **MR. MATHABANE:** It is not distributed outside of TRT; it is within TRT basically its part of our operating costs.

MR. LESOFE: And the buses that you use for that route, would you say they are suitable for that distance from say Pretoria central to Lusaka or Mahobe.

MR. MATHABANE: The buses that operate in Mamelodi are not designed for commuter operation they are not suitable because of the distance, but because they are not designed for that type of operation.

MR. LESOFE: Would you expand on that in terms of the design?

5 **MR. MATHABANE:** When you look at a commuter bus, there is a high clearance between the ground especially because we are moving into potholes and humps within the township and compared to a BRT operation bus, a BRT can operate on a very dedicated lane, the clearance is low and you also allow for universal acceptability where you have got the rams that are falling off and
10 on, that people can walk in at a level, even a wheel chair can walk in, and that design does not apply to commuter space because of the environment, so the challenges that we having for example we are going to the suburbs where you find traffic circle in the middle of the road and the roads are narrow, a bus cannot turn within that space however a commuter type bus because of high
15 clearance it doesn't have a problem and the danger with a BRT type bus, you may damage your sump.

MR. LESOFE: Ok, my last few questions sir based on the value chain. I wanted us to talk briefly about the value chain and here I want us to focus on services such as cleaning , security services and other related services just to
20 understand the contractual arrangements in that regard. Is TRT a party to any contract of this nature?

MR. MATHABANE: Yes we do have normal service provider that provide cleaning, security, fuel we do have those, what we have done is I think in February we implemented a beneficiation policy where we looked at certain

value chain product and say these types will accrue to the taxi industry how we do that is there is a company that is currently giving the station management of the BRT system by the city, that company also belongs to the taxi industry and it is the value chain investment vehicle for the taxi industry, so we are working
5 with that company now to make sure that all our major contracts they do have a hand in it in subcontracting and where they are being capacitated, e.g. they are currently now as a company applying for security licences so that in the next two years they may be able to qualify to become a security company within TRT.

10 **MR. LESOFE:** And currently which contracts do they benefit from?

MR. MATHABANE: I don't have a list with me but there are contracts which they benefit from. What we do is as part of our procurement process we do indicate in our RFP that any company that will be awarded must benefit the taxi industry through either joint venture agreements or subcontracting the minimum
15 30%.

MR. LESOFE: So just to get a sense in terms of the taxi operators who are directly affected and those who are still likely to be affected in the future, generally will you say they are happy about being parts of TRT. I understand you are still in the process of battling through the shareholding and all those things.

20 Have you received any concerns or any feeling of discomfort or unhappiness?

MR. MATHABANE: I think like any other environment where we have any two people will have different views, you cannot generate all people that are happy, you will have one person who is happy and one who is unhappy e.g. with the challenges right now that a taking place at Wonderboom junction, as part of the

law or the rules that they have signed agreement they are supposed to drop off. Some do drop offs some don't drop off. Yes, the industry is trying to make sure that they resolve the whole issue but I can't say those that are dropping off it means they are happy and those which a not dropping off are not happy. They
5 may have other issues that they are fighting on their own e.g. some of the things that but some of the buses are complimentary buses and don't drive on the trunk and therefore that is similar to our space. There are a number of issues it is difficult to say people are generally happy or not happy hut we do engage on a daily basis we speak to the associations and we also speak to
10 advisors, the board on a daily basis.

MR. LESOFE: I have no further questions chair.

CHAIRPERSON: Thank you Mr Lesofe and Mr Ngobeni

MR. NGOBENI: Thank you chair, just a follow up on Mr Lesofe's question, you have indicated that the system even though it is ion the 4th year, you still on a
15 cost recovery period, what is more interested in finding out is you also indicated that there are 350 taxi operators or even less who have been paid compensation, is that what you said?

MR. MATHABANE: Yes 375,

MR. NGOBENI: What is more interesting is finding out is that what has been
20 their experience I mean so are they relinquished their operating licenses and what are they currently doing if you are on your 4th year cost recovery period. I'm just trying to understand what has been the effect of those whose particular operators.

MR. MATHABANE: The operators will only be affected once they become shareholders, at the moment there hasn't been an uptake into shareholding at the moment. Yes it is a problem, how do you go invest in a company when you know that it's not making profit and how I am going to make profit. What has
5 happened in terms of that arrangement, you have got Gamokone, and Stinkwater, Hammanskraal, the three associations. Those associations run from their host destinations to the city centre, so what the compensation was for was that 7km of that route has been handed over to the BRT so not instead of driving into the city centre as their end destination, Wonderboom comes their end
10 destination, so they shorten the trip by 7km and the 300 000 each was paid was for that particular compensation, yes they were supposed after that the city was supposed to change the operating licences to reflect now on the end destination as Wonderboom south , it has not yet happened the second factor was that the ranks inside the city centre where they are operating on are supposed to be
15 closed so that they don't have access to them those things have not yet happened so those are part of the discussions that are currently taking place but they haven't been brought in and they are not yet shareholders at the moment.

MR. NGOBENI: Ok so my understanding is that you are saying that they were
20 only paid for what you referred to as the drop off arrangement, to drop off at Wonderboom and its to give away certain km which they were initially entitled to in terms of ...that is the only part that they were paid for and how long if their arrangement.

MR. MATHABANE: Yes, the drop off was permanent that they need to change their operating licences they bought that arrangement with the R300 000 that they were paid for by buying that change.

MR. NGOBENI: Ok, thank you chairperson.

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

MS. NONTOMBANA: I just have one question with something that you said about the ease with which you can get off the shelf collection systems and I wanted your views on whether if e.g. there was to be integration between the different modes of transports would that also be something that can be
10 effected very quickly and whether they are similar systems off the shelf to integrate the different modes of transport e.g. in term of ticketing.

MR. MATHABANE: Off the shelf systems are sold by individuals of the software developers. The reason systems become expensive is because of the Intellectual properties. I've got my own system you wanted to integrate with your
15 system and then because of IP issues then we raise the cost just for that. The province currently the centre of the Gauteng authority they are working as a base from Gautrain to work on a standardised system, India is working on that. India Mumbai has got about 8000 buses operating on an integrated system of all the ticketing arrangements in that city nobody owns the IP of that so it
20 becomes reasonable and cheap but if now I start owning my own IP and then I submit my tender based on my IP that cost is going to be up, so open source is the future.

MS. NOTOMBANA: And how long would it take if for example if it will be implemented in a similar way to India, do you have any ideas?

MR. MATHABANE: It depends on the scale if you do it for 10 buses or taxis, within two weeks or a month we could do it, but if we are to do it for a thousand buses then obviously it will also be a factor of what is it that involves all and also that elements of it.

5 **MR. MANDIRIZA:** Thank you chair. I think I've got just two questions one I just want to understand your motivation to get into the PTOG in Mamelodi since Autopax was not making money and I think PUTCO also are not making money, I just want to get a sense of the motivation. Is it maybe you want to get experience so that you can be able to take that contract, I'm not quite sure, the
10 second related question is that whose decision was it for you to participate in that PTOG, was it the City or was it the TRT.

MR. MATHABANE: I think I can answer both at the same time. The request came to us through the city, the province will go to the city obviously and said you haven't implemented all of your BRT buses, some buses are still parked we
15 have got a challenge in Mamelodi can you assist. The city met and the committee discussed and the committee came to us asking if we can help them, how can we assist and we highlighted the challenges to them and then they open up the bottle and next we were able to go in because it was purely to assist the committee that side not necessarily to make money, because we
20 knew that there were cost issues even the resolution which was signed did indicated that the city will not incur any losses as a result of taking that operation so we needed to also discuss it between the province the city and ourselves as to how then do we make sure that there are no losses as a result of taking over those operations.

CHAIRPERSON: Thank you very much Mr Mathabane for your assistance, there maybe be follow up questions that we may have, after we engage with the other stakeholders especially the affected taxi operators, we will certainly have some follow up questions but thank you very much for your time and for the
5 very helpful and detailed presentation, you are excused.

MR MATHABANE: Thank you.

CHAIRPERSON: This concludes today's session, we will resume tomorrow at 9:00 the first submission will be from Sunsbok in northwest at 9:00 today's session is closed.

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