

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

5

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10

THURSDAY 26 JULY

15

VENUE:

(MMABATHO PALMS, MAHIKENG)

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Session 1

CHAIRPERSON: Morning everyone, today is 26 July 2018. Welcome to the Competition Commission's Public Passenger Transport Market Inquiry hearings. My name is Bukhosibakhe Majenge. I am the Chief Legal Counsel
5 at the Competition Commission and I will also be the Chair of the panel.

I am joined by two panel members. On my right I'm joined by Ms Nompucuko Nontombana, who is the Divisional Manager of the Market Conduct Division at the Competition Commission and on my left I'm joined by Mr Thulani Mandiriza, who is also from the Competition Commission, who is joining the panel in his
10 capacity as the head of the inquiry's technical team.

On my extreme left I am joined by Mr Itumeleng Lesofe and Mr Jabulani Ngobeni, who are also from the Competition Commission. They will be acting as evidence leaders during these public hearings. Both of them are lawyers who are based at the Competition Commission. Ms Nontombana and Mr Mandiriza
15 are economists based at the Competition Commission.

Before we start I would just like to recap the rules that will be applicable to this session. Firstly, the session will be open to the public at all times, except when the Chairperson rules that part of the proceedings will be closed on grounds related to confidentiality or for any other reason deemed justifiable in terms of
20 the Competition Act.

All sessions will be streamed online on YouTube and will also be recorded and only those sessions, or parts of the sessions which are closed, will not be streamed live, but this will still be recorded. In order to allow for the proper ventilation of issues, the Chairperson, as well as the panel members and

evidence leaders may pose questions to any person making an oral submission, or to any witness in this session. The Chairperson will not permit any person, neither personally nor true legal representatives, to question any witness or any person making oral submissions during these hearings. In the event that there is any stakeholder who has an objection, a comment or question in respect of any submission made by any person during these proceedings, that stakeholder must submit such an objection, comment or question to the inquiry in writing and the inquiry will attend to such an objection, comment or question at an appropriate time as soon as possible.

10 We also, if there's any stakeholder who would like to make a submission through an interpreter, our interpreters are also available to assist. The following protocols will be applicable to any stakeholder making submissions. Where necessary the stakeholder may claim confidentiality over any part of the submission made and stakeholders should also note that in accordance with 15 Section 72 of the Competition Act, a failure to answer any question fully or truthfully is an offence under the Competition Act.

In terms of Section 73 a person also commits an offence if they fail to comply with the Competition Act. Lastly stakeholders should also note that if the Commission believes that there is documentation or information that may assist 20 the inquiry, the Commission may summons such a document from the relevant stakeholder. Today is the last day of our hearings in this province. We started yesterday to receive submissions and we will be taking the last round of submissions in this province.

We will, however continue with the inquiry in the rest of the provinces that we 25 still need to cover. We must apologize, we are running a little bit behind time.

We had some challenges, or there some delays in relation to the first presentation that we were meant to receive. We will, however, receive the second presentation from SANTACO, North-West.

Gentlemen, thank you very much for coming and welcome to the inquiry. There
5 should be a piece of paper in front of you, Please take an oath or the affirmation and please switch on your mic as you do so.

MR MATSIMELA: (affirmation)

CHAIRPERSON: Thank you, Mr Matsimela.

MR MASHALE: (duly sworn states)

10 **CHAIRPERSON:** Thank you very much. I did not hear your surname right, is it..?

MR MASHALE: Mashale.

CHAIRPERSON: Mr Mashale.

MR MASHALE: Yes.

15 **CHAIRPERSON:** Thank you very much, Mr Mashale. If you could just start by introducing your organisation as well as the role you occupy in your organisation, followed then by your presentation and as soon as you are done with your presentation, we will then put some questions to you.

MR MATSIMELA: I am from SANTACO, North-West. SANTACO, North-West
20 it's a taxi organisation which represents all operators in the North-West. I will start by, Sir, my topical view on licencing of the taxi operators, or the taxi vehicles. We are here controlled by the PRI, which is the Provincial Regulatory Entity, which issues operating licences randomly as maybe they wish because of the Act 5 of 2009, the Transport Act 5 of 2009, where associations are not
25 being mentioned around this Act.

But we were operating firstly in – with permits, permits which were issued by the Transportation Boards, which would allow people to operate on a radius in other words to drive to anywhere where the people wish you to take them to. But then later this was changed to operating licences that taxi operators should
5 operate on routes. Routes which had to be registered to every association or routes must be registered by every taxi association.

The reason being that the government said that the permits which were radius based bring fights between the taxi operators because anyone would be driving to any place around the country where people would ask him to take them to.
10 So everybody must belong to a route. That's how we got this the route operating licences.

The licences were issued so randomly that the market became saturated and at a stage in the North-West, SANTACO, North-West had agreed with the Department of Transport to put a moratorium so that government can take stock
15 on how many permits or how many operating licences have been issued regarding every route. As I'm saying now there is a moratorium in the North-West. No new permits or operating licences will be issued.

But before that, government post a moratorium by itself into 1999 year – under correction – 1999 there was a moratorium which was posed to every taxi
20 operator in the country because government was also taking stock, but this moratorium I'm talking of this is only for the North-West because the markets are saturated because of the provincial regulatory and it is which issues operating licences randomly. That's one of the problems.

Secondly as I've said we are bound to operate on routes. Because of the
25 security of the market, these routes or this route based operating licence are

bringing to the taxi operators a pressure because issue was mainly on *en route*. You can't take people to other places and you must stick onto that route, sticking to that route means there's no business.

If people in that route loses their jobs and they don't travel anymore, all of the
5 operators on that route will be losing business. By that I don't say the route operating licences are wrong, but government is not coming clear as to because of this moratorium that stopped their taking how long because the moratorium does not have an end date. It just said we are opposing this moratorium and there's no date when the moratorium will be uplifted.

10 Because taxi operators would like to operate with multi-routes. We would like to use multi-route operating licences. Stick to a route, but have a multi-route on your operating licences. In 2006 taxi operators had to be recapped. Take the old taxis, give a taxi operator 50 000. The 50 000 went up to 94 000 presently. This is not enough for the taxi operators to can buy the new vehicles.

15 The new Quantum it's over 450 000 and with 94 000 as a deposit, you are going to be forced to pay over R10 000 per month for that taxi, whereas there is no work, there is no job for the taxis. But people who are taxi operators must stay there because there's no jobs around in the country. If you are in the taxi industry you just have to stay there, unless government come up with
20 something else to can assist you.

This scrapping allowance we feel that it's so little that it brings taxi operators under pressure when they have to buy new vehicles for recapitalisation. At least 20% of the vehicle's price could be a scrapping allowance because the financial – the financing houses also will need taxi operators to pay 20% of the
25 deposit.

A 22-seater Sprinter or a Crafter or Iveco cost over 600 000 now and with R94 000 as a deposit you won't be able to afford to operate with such a vehicle. That's what the recap has brought to the taxi industry. Most of the taxi operators are being financed by the SA Taxi Finance and the SA Taxi Finance says it's paying back to the taxi industry 3% interest of what the taxi operators have paid. It's also very little. The 3% of taxi operators who are struggling so much to be paying such high – what do you call it ...

CHAIRPERSON: Interest, the interest rate.

MR MATSIMELA: The interest rates, exactly, thank you. And the 3% is a payback to in fact taxi associations, not directly to taxi operators who are buying, it's being paid to taxi associations and the taxi operator himself is getting nothing back from this tax here and their interest rates are so high, over 26%, even up to 30%, of which it's too heavy for taxi operators when the economy is so low and people are staying at home, not moving around the country for the taxis to ferry them to where they want to go to.

Buses in this province, bus companies are being subsidised. The bus commuters are being subsidised and the taxi commuters not. This competition is not fair. For big companies to get subsidy for their commuters and their kilometres driven or their kilometres travelled and the taxi operators must just ferry people at their own costs where parts are so expensive, parts are going up every year, petrol is going up so many times a year and taxi operators are getting no subsidy for their commuters, we think it's very unfair. If taxi operators also who are transporting more than 70% - I think buses are transporting around 25% of the commuters in the province and their commuters have been subsidised. Kilometres also subsidised and 70% compared to 25% not

subsidised, it's very much unfair.

Maybe let me pause here. If maybe there is something I have left behind.

CHAIRPERSON: Let Mashale – are you adding something?

MR MASHALE: Yes.

5 **CHAIRPERSON:** Mr Mashale.

MR MASHALE: Okay, thank you, Leader, my – I'm the Secretary of the South African National Taxi Association.

CHAIRPERSON: Sorry, Mr Mashale, I did not get your position, Mr Matsimela, within SANTACO, North-West, your position within.

10 **MR MATSIMELA:** (Indistinct – mic not switched on).

CHAIRPERSON: Ja.

MR MATSIMELA: My position in SANTACO, North-West.

CHAIRPERSON: No, no, your role within SANTACO, North-West?

MR MATSIMELA: Oh, my role within SANTACO.

15 **CHAIRPERSON:** Yes.

MR MATSIMELA: I am the Deputy Chairperson of SANTACO, North-West.

CHAIRPERSON: Thank you, thank you. You may continue, Mr Mashale.

MR MASHALE: Okay, I'm the Secretary of South African National Taxi Association and then an additional member of the (indistinct) Regional Taxi Council. Mr Matsimela said more. I am not going to repeat what he has already said. I will just add where I think it's necessary.

In the taxi industry it's a dog eat dog situation, the survival of the fittest due to our present government. Where there's a conflict government is involved because government doesn't solve our problems in time. You will find that the problem that's going for more than two, three years – four years

government reluctant to solve the problems. I think where the problem is, most of the government officials they've got vested interest in the industry, hence they cannot take decisions that are sometimes radical.

One problem in the industry, the hiking spots. In every entrance of the town the
5 hiking spot there people are operating Avanzas, without operating licence, not – they don't pay tax. Now the government will tell you to go to the rsnake whilst Avanzas are operating from the hiking spot and they are operating every day. Reinforcements are there. Everybody is there, but it's business as usual.

Now we sometimes feel like – in the North-West Province specifically we don't
10 resort to violence, we are not a violent people. We don't resort to violence, but it is in our culture. But we think it is not fair for somebody to take an Avanza, go to a hiking spot, load people that we were supposed to load because we've got an operating licence. Now your operating licence will tell you you start from this rank. The A point will be this rank, not the hiking spot. So the one with the
15 Avanza operate as and when and where if it is right. I think that is all I can say for now. I thank you.

The last part – the last point it is scholar transport. In the North-West Province the scholar transport has been given to the bus companies and the bus people. We are of the view that since there's no business in the industry, our taxis wait
20 for more than two, three hours in the rain, not having enough passengers to can take them to their destinations.

We proposed to the government to say how about you giving this scholar transport to the industry so that they can use the very same cars that stand the whole day doing nothing, rather than giving it to the bus companies that are

being subsidised by the very same government. I thank you.

CHAIRPERSON: Thank you very much, Mr Mashale. Before I invite the evidence leaders to – Oh, Mr Matsimela?

MR MATSIMELA: Thank you. Just one point to add.

5 **CHAIRPERSON:** Ja.

MR MATSIMELA: Commuters are always complaining that taxi operators are coming up with fares which they don't know how they come about with those. Taxi operators around in the province, let's say our National Council, which is SANTACO National, will always say to provinces this is now time for you to
10 increase your fares, but taxi operators in all provinces will differ.

First will be raised easily with the long distance operations, but with the short distance operations it's so difficult because you will rely on this bus which is getting a subsidy and try to be a little bit lower, a rand or two rand lower than that bus so that you can stay into business. We don't have a formula of how
15 we increase our fares, we depend on how much does the bus increase its fares, then you follow suit. That's where – we are not independent on increasing our fares, we are dependent on the busses. Thank you.

CHAIRPERSON: Thank you very much, Mr Matsimela and Mr Mashale. Before I hand over to the evidence leaders to put questions to you, I just will like
20 to – you to just shed light on – very roughly – the number of vehicles that you have as the association within the province, very rough numbers.

MR MATSIMELA: Within this province?

CHAIRPERSON: Within this province, yes. Please don't forget to switch on the mic.

25 **MR MATSIMELA:** Sorry. Taxi vehicles around in the province are around –

are between 8 000 and 9 000.

CHAIRPERSON: And do you also service the routes that are within the province that are serviced by the four subsidised bus operators?

MR MATSIMELA: We share those routes.

5 **CHAIRPERSON:** Mr Ngobeni?

MR NGOBENI: Thank you, Chair, and good morning Mr Matsimela and Mr Mashale. You mentioned, Mr Matsimela in your first - when you first started with your submission that you see the PRI issuing operating licences as it wishes. You call in random issuing of operating licences. Please clarify to the
10 panel on whether you're referring to licences being issued after the moratorium was imposed, or are you talking about the period before the moratorium was imposed? We understand that the moratorium was imposed in 2015 by the PRI. So the question is insofar as there is a – you know, there are random issuing of operating licences by the PRI, what period are you talking about?
15 Are you talking about the period before the moratorium or are you talking about the period after the moratorium?

MR MATSIMELA: It is the period before the moratorium.

MR NGOBENI: Okay, and currently what is the current status core, what are you seeing in the market? We heard yesterday from the National Taxi Alliance
20 they made a submission that even after the moratorium what they are seeing in the market is a situation where the PRI continues to issue operating licences, despite the fact that there is a moratorium. What is your take on that?

MR MATSIMELA: We have not noticed that, but what we know is that the PRI had to issue out operating licences which were inside or in their possession
25 before the moratorium.

MR NGOBENI: Okay, so in your understanding the ones that are being issued would be operating licences of applications which were brought to the PRI before the moratorium was imposed?

MR MATSIMELA: Yes.

5 **MR NGOBENI:** Okay. And on your proposal of the 20% scrapping allowance on the taxi recap which you say was introduced on 2016, has this been brought to the attention of the department or is it still something that is still being currently discussed internally at SANTACO?

MR MATSIMELA: This has been brought to the attention of the department
10 through our national office.

MR NGOBENI: And what has been the response of the department to the proposal?

MR MATSIMELA: We are still awaiting on an answer or a reply.

MR NGOBENI: And do you know when this was brought to the attention of the
15 department?

MR MATSIMELA: It was brought to the attention of the department in 2014.

MR NGOBENI: Okay, thank you. And we heard yesterday from the city that the city is currently considering a BRT system in two corridors. They mentioned the Phokeng Corridor and there is also what they refer to as the Kanana
20 Corridor. We understand that the preliminary discussions in respect to that BRT system started in – I think they mentioned between July till December 2011. The question that we have is whether any of your members are also affected in the two corridors, or maybe to put it differently, whether any of your members were involved in the initial discussions with the city when they started
25 discussions – these preliminary discussions which they say commenced in the

second half of 2011.

CHAIRPERSON: Just for the record, it's the Rustenburg Local Municipality. I hear you referring to it as a city.

MR NGOBENI: Sorry, Chair.

5 **CHAIRPERSON:** I'm not sure whether it's a city or not.

MR NGOBENI: It's the Rustenburg Local Municipality. Thank you, Chair, for the correction.

MR MATSIMELA: Okay, according to the information we have as a Provincial Council, when negotiations started with the RRT the taxi industry was involved
10 and the taxi industry is still even involved because the regional Chairperson of the Northern Regional Taxi Council, which is the Rustenburg area, sits in the meeting – in the monthly meetings or quarterly meetings of the RRT in Rustenburg. That's according to our knowledge. And I've spoken to the Chairperson yesterday to ask if there were any problems. The Chairperson
15 informed me that the RRTB don't have a problem with the RRT in Rustenburg as the taxi industry, but what worries them is that the project it's very slow. The person to whom I was talking who is the Regional Chairperson, it's my Provincial Chairperson.

MR NGOBENI: And you speak about this being slow. Just to understand the –
20 if this was started in 2011 and we're now sitting in 2017, in terms of the initial discussions we understand in other provinces that what municipalities are asking operators is to relinquish their operating licences in order to opt in into the system – the new system that they have in mind. What has been the discussions in terms of your operating – members, you know, of your –
25 members' operating licences and how are they going to deal with that issue?

Do you know if there's been discussions around how they intend to deal with the issue of your members' operating licences?

MR MATSIMELA: The operators should submit or take in their operating licences for the taxis, those who are – what do they say – those who are
5 affected must take in their operating licence, but they have not reached a stage where they have come to terms as to what will be the fee for the operating licence and if possible, the in-taking of the taxi itself, what – they have not reached that stage. That's how it is very slow. It's slow because it does not come out with such clear terms.

10 **MR NGOBENI:** And I also understand that the – through the submissions from the municipality yesterday that there is memorandum of understanding that has been signed with the industry. Are you aware of that MOU, and if you are, are you able to share some of the silent features of the MOU insofar as it relates to the industry, to the operators?

15 **MR MATSIMELA:** I've learnt that the MOU has been signed, but I don't have presently the contents of that MOU.

MR NGOBENI: Okay, and insofar as compensation – because we understand in other provinces that there may be compensation for those that are relinquishing their operating licences and are any of those discussions currently
20 happening? Have you heard anything about that, you know, from your members or from your Provincial Chair?

MR MATSIMELA: That's why I say terms have not yet been reached as to the fees or the monies for the operating licences and – or vehicles which might be taken away from the operations. We have not yet reached those terms.

25 **MR NGOBENI:** Okay, thank you, Chair, I have no further questions.

CHAIRPERSON: Mr Lesofe?

MR LESOFE: I have no questions, thank you, Chair.

CHAIRPERSON: If I may take you back to what you said. Mr Matsimela, at the beginning of your submission. You referred to the conversion from the previous
5 permit system to the new operating licences and you indicated that the permit system – if I followed your presentation correctly – was a radius based system. And the operating licence system is a route base system. I will just like you to shed more light on what exactly that means and what exactly does it entail.

MR MATSIMELA: The radius permit system allow taxi operators to travel to
10 any place within that distance, that radius. For an example it would allow me to take people from Mafikeng to Klerksdorp if my kilometres allowed me that. People from Mafikeng to Vryburg. People from Mafikeng to Zeerust, to any place within the kilometre radius which were allocated to you.

Now the operating licence say you must stay, you must only stay on this route,
15 you don't deviate to go to any other route. If you want to go there, then you must have a special permit. You must go and apply, even it's for a day. People want to take – want you to take them to Klerksdorp or to Potchefstroom or to – then you must go and apply to take people – to ferry people on that route. That is how the operating licence system or the route based operating licence works.

CHAIRPERSON: And what is the role of the local taxi associations in terms of
20 how those route – I mean the current routes are structured? It seems to me that the route based model is consistent with how the local taxi associations are structured because even the local taxi associations operate on the basis of a route based system.

MR MATSIMELA: Yes, local taxi associations it was said before associations should register routes where they are operating. There was an office of the Registrar by that time, which is no more functioning now, but the associations took the routes to the Registrar for the Registrar to register these routes under these associations. And it never reached a finality, but the associations stayed on those routes or they are staying on those routes which they submitted to the different Registrar's office at that time.

So the associations agreed. Even they even agreed today among themselves that you Association A will stay on these routes. Association B all these routes like that and like that. That is how they are working at the – presently.

CHAIRPERSON: Within that context, the context that you have described and the various agreements between the associations, now the model that – a radius based model or a reversion to the radius based model, would that model not disrupt the current operations of the local associations and how the routes are currently configured?

MR MATSIMELA: What we are saying we don't say we must go back to the radius based operations, but multi-route. Say if routes around in Mafikeng from point A to point B this way from this, the very same point A to another point B, from the very same point A to another point B in the same locality. That is the multi route there, not only one.

CHAIRPERSON: A one-directional route.

MR MATSIMELA: That's right.

CHAIRPERSON: Now in this multi-route system – or what will be the impact then of the multi-route system on the local associations because the local

associations are currently structured in terms of the current one-directional routes.

MR MATSIMELA: There will be a memorandum of understanding. Say Association A wants to operate on some rules being operated by Association B, then Association B must say yes, we are allowing your members to operate on that, but on one, two, three conditions – on certain conditions only. There must be that MOU between the associations.

CHAIRPERSON: Ja, I just want to take you back again to those routes that you share with the subsidised bus contractor or if you ... (intervention)

10 **MR MASHALE:** Before you get there, can I only just clarify one thing. Route-base and the multi routes on the same operating licences. In other provinces one operating licence will be having maybe 12 routes in one operating licence. Now we propose to pre that one association will be having say seven routes, that one association. Now we propose to them to allow that those members of that associations to have those routes in one operating licence because they belong to the same association. That's what we propose to them, but now they're saying they are – they stopped at the maximum of three routes per operating licence. That is the *status quo* right now. Thank you.

20 **CHAIRPERSON:** Thank you, Mr Mashale. Now going back to the routes that you share with the subsidised buses. I just want to understand the dynamics in those routes. Firstly how did the situation come about that you operate in shared routes, what is the reason for this? Is it commuter preference or is there something that results in this situation where you share these routes with subsidised buses and what are the dynamics in terms of pricing in those routes between yourselves being unsubsidised and sharing routes with subsidised

25

operators in those routes? What exactly is happening in those routes?

MR MATSIMELA: Routes allocated to buses comes a long way because I think these routes were allocated by the old permit boards where taxi operators would not be involved during the applications of a bus for a route. But when taxi
5 operators would be applying to operate on certain routes, buses will be informed so that they can come and object if they object. But how the buses get their routes it's not been known to the taxi operators.

We just find – we just see buses together with us on the same routes. How they apply and it seems – it would seem the whole bus depot can operate in all
10 routes as they want to because this bus with this registration number today you find it in this route, tomorrow it's another bus, the third day it's another bus on the other route, but with taxis the same. The only registration number must operate on this route, but with buses they operate anywhere with any bus and we don't know how they get their operating licences, whether they are using
15 permits or operating licences, it is not known to the taxi operators or to the taxi industry. We just see them among ourselves.

CHAIRPERSON: I just want to understand the issue from the commuter perspective as well that if the subsidised bus is servicing a route, what is it that will attract commuters to also to be serviced by the taxi industry when you have
20 a subsidised service in the same route?

MR MATSIMELA: Although buses will be operating on a schedule timetable and taxis will be operating unscheduled ...

CHAIRPERSON: Unscheduled, ja.

MR MATSIMELA: ... but commuters would like to pay or to use the transport
25 which – where they pay less. They will go for a transport where they will be

paying less. Even if they wanted to travel now unscheduled to anywhere, but because of the prices they will go for bus, which is very less in fares. Commuters would like that.

CHAIRPERSON: If buses are slightly less in fares compared to minibus taxis, 5 what is it that still attracts commuters nonetheless to the minibus taxi industry?

MR MATSIMELA: What attracts commuters to the minibus taxi industry is that taxis will take them at any time and will stop anywhere when they – where they want to stop to say from here to there. Can I stop here? Can I go now? Instead of waiting for two o'clock or three o'clock, whatever.

10 **CHAIRPERSON:** I see, ja. Thank you for that. Mr Manderiza?

MR MANDIRIZA: Thank you, Chair. I just want clarity on the SA Taxi Finance. So you mentioned something like 3% – I'm not sure whether is it interest or what is paid is paid back to the taxi association. Can you explain or clarify if I misunderstood.

15 **MR MATSIMELA:** This only started last year. It's when the taxi operators complained to SA Taxi Finance that the interest you are charging are very high and we can't. That is when the taxi operators decided to have a go-slow in Gauteng. Then Taxi Finance came to say, but I want to work with you. What I'm going to do to you is that I'm going to take my interest rates lower and I will 20 on every vehicle financed by us from a certain association, will give 3% rebate to that taxi association and that is how that 3% came about.

MR MANDIRIZA: And what – are there any conditions to that 3% rebate? Is there anything that the taxi association is expected to do or to assist SA Taxi Finance?

25 **MR MATSIMELA:** It is for associations – the association can use that 3% for

administrations only.

MR MANDIRIZA: No, I'm asking if there's an expectation on behalf of SA Taxi Finance?

MR MATSIMELA: They expect that taxi operators should always come to them
5 for finances for financing their vehicles.

MR MANDIRIZA: Okay. Thank you, that's the only question I have, Chair.

CHAIRPERSON: Ms Nontombana.

MS NONTOMBANA: Mr Matsimela, my question is in relation to something
you said about 20% on new vehicles which would be more reasonable as part
10 of the recap rather than what is currently available and I just wanted to get your
views on what we've had from other provinces where they've said that another
consideration for the taxi recap is to make it continuous because your vehicle
has to be – at some point you have to get a new vehicle. So at that point you
get another recap instead of it being once-off and I wanted to just get your
15 views on your suggestion of a 20% versus what has been proposed by others
that this be continuous, it's not once-off when you get a vehicle.

MR MATSIMELA: On continuous recapitalisation we are together, but we have
certainly the problems there are these taxis which comes from China or Japan
or wherever, I don't know. They are called Inyathi - the Inyathi Group.
20 Recapitalisation will only recap you on the taxis which is – which was
manufactured before 2007 and these other vehicles manufactured after 2007,
the Inyathis, they don't serve the taxi industry.

In the very – in two weeks, three weeks, or four weeks the taxi is so dilapidated
that the operator cannot use it anymore. Then we say then recapitalise then
25 must be continuous because of these vehicles from China or

from Japan, I don't know from where they are, but I don't think it's from Japan, I think it's from China. They are also low quality that they need to be recapped every after four years those Inyathis and that's where we say continuously. But the scrapping allowance then should be raised so that the operators can buy
5 better vehicles because these ones are cheap. I think they are valued at 100 or 200 – not more than 200 000 and their quality it's very low.

CHAIRPERSON: Thank you very much, Mr Matsimela and Mr Mashale for your time, as well as for your submission. We will certainly take up the issues that you have raised with the PRI in this province, as well as with the national
10 Department of Transport. Thank you very much, you are excused.

MR MATSIMELA: Thank you.

CHAIRPERSON: And thank you for being on time as well. (Laughing).

MR MATSIMELA: Thank you.

CHAIRPERSON: Thank you very much. We will now receive a presentation
15 from SANSBOC, North-West. If they are ready they can come to the front. Welcome, gentlemen, and thank you very much for coming. If you were not here at the - when we started, I just would like to remind you that the proceedings are being recorded and are also being streamed live in YouTube. So to the extent that part of your submission contains confidential information,
20 please bear that in mind.

You – there should be a piece of paper in front of you. Please take the oath or the affirmation, as you wish. Please switch on the mic as you do so. Ja, you may take the oath or the affirmation.

MR GODOMO: (duly sworn states)

25 **CHAIRPERSON:** I didn't get your surname correct, is it Mr Godimo?

MR GODOMO: Godomo.

CHAIRPERSON: Godomo?

MR GODOMO: Ja.

CHAIRPERSON: Thank you.

5 **MR TSHONGO:** (duly sworn states)

CHAIRPERSON: Thank you very much, Mr Tshongo. If you could start just by introducing your organisation as well as your position within the organisation, then you can take us through your presentation and that will be followed by questions from our side.

10 **MR TSHONGO:** Our organisation they call it South African Small Bus Operator Council, is a national structure that has been initiated by the Department of Transport after a process of consultation of emerging bus operator council in the country. It then culminated to provincial establishment, that is why today we are sitting here with SANSBOC, North-West. There is a national structure and
15 there are nine provincial structures in the country, which is consisting of emerging bus operators that are owners of buses.

For you to qualify to be a member, you must own a bus of 35-seater and above. You must bring your registration certificates, you must bring a roadworthy certificate that what determines us for our membership is from 35 upwards in
20 terms of the bus. So that is our constituency. So this is the umbrella body that representing emerging bus operators in the country so far as like North-West like today as SANSBOC, North-West.

CHAIRPERSON: And what is then your position within SANSBOC, North-West, Mr Godomo?

25 **MR GODOMO:** My position is the Acting Secretary General at national and

currently I'm here as the Provincial Chairperson of SANSBOC, North-West.

CHAIRPERSON: Mr Tshongo?

MR TSHONGO: My position at SANSBOC, North-West, I'm a Deputy Secretary.

5 **CHAIRPERSON:** Thank you. You may go ahead with your presentation.

MR GODOMO: We have requested that we, because of time, before we start with time, we will like to apologise for not being here at eight o'clock. It was not communicated to us. We did actually communicated (sic) with the contact from Competition Commission that it was not communicated to us that we are
10 expected to be here at nine o'clock, but it was half past 10 as it was scheduled. And secondly we said we will do a verbal presentation. On Monday it will be followed by a written submission. That is the two things that I wanted to clarify.

CHAIRPERSON: Thank you for that clarification.

BREAK IN RECORDING

15 **CHAIRPERSON:** Please bear with us just two minutes there.

MR GODOMO: ... like to start with – we are guided by the format that has been given to us as a guiding tool in terms of making this presentation and we will try as much as possible to be – not come with the preambles but focus on the issues that were raised with small additions.

20 The first one will be around the licencing and route allocation and entry of the regulations. From the bus sector in terms of the other processes that we have identified there has been a number of initiatives that has been taken from government from 1994 in terms of the number of legislation which actually those legislation included the white paper as a policy guide in terms of the

transformation process of the public transport sector of the white paper of 1996. The National and Transport Act of 2000 and also subsequently to 2009 and various pieces of legislation like Moving South Africa Forward and some of the internal document of the Department of Transport. However, we would like to

5 raise our concern as bus operators that the overall public transport policy objectives have not changed over time. Reference especially to the bus sector. There has been an amendment from one to the other from 1996 up to date. Even to date there is a process of amending the NLTA, but for the past 24 years there has never been any change in terms of achieving the objective of

10 transformation and therefore we must start maybe a (indistinct) chief in terms of renaming the document, changing the words, changing the phrasing, but implement because opportunities for us we are left outside and our members remain vulnerable and people that actually benefitted from previous regime, for instance they'll make a specific reference to establish in big companies for

15 instance like some of big companies based in Gauteng.

They have been there for past 50 years. They were empowered by the previous regime. They continue to make money from our communities. We are left outside. The legislation changed from time to time, but nobody is really taking care of the bus operators. So it's the first concern that we want to raise

20 to say today our presentation would actually reach the decision makers in terms of implementation, but rather not be a talk show, because we have been making presentation, submission, proposal, meeting from left to right for the past 20 years and there's never been any progress to that far.

So we will like really to appreciate the Competition Commission that you really

25 take this process forward after this thing in order that at some point we

will be able to refer to that process. The first one that we would like to indicate is the process around the licencing and the regulatory processes that actually we would have a reference from.

The process of obtaining a permit is seen as extremely tedious in the previous
5 dispensation. We know that there has been a process from the Act of 1977. We know that there has been a process that guides the transition that I've alluded about white paper in local government in '96. We know that there has been a process again that was aimed at a temporary transitional process that they call it an LTA 2000, which came with number of objectives in terms of the
10 transformation process.

We are sitting today with an LTA 2009 and that process was meant to complement one another. In all the pieces of legislation they remained important in terms of that process. Now the unfortunate part of it is that the more these processes is changing and amended, it doesn't benefit us. We can
15 in record state that in the North-West Province the treatment of small bus operators and big operators is not equal.

Due to government subsidies big bus operators are given preferential treatment by government. Routes are readily allocated to them and they discuss routes deemed not profitable to them. They are in constant communication with
20 government and that puts them at an advantage as they are better positioned to influence new allocation routes and extension of old routes.

Even after the current legislation the NLTA to bring a transformation process which was amended in 2009 that they call it the PRI. We are still sitting with the problem that the PRI that we are talking about we think in our view that

they did not understand that they were created to be operating regulatory entity for transformation purposes because one there is a problem in terms of effectiveness and efficiency of PRI.

Number two, as bus operators the amendment of the NLTA that used to have
5 an organised party. That took out also the fund that we're supposed to have at the insurance as an example for instance. There was an assurance that the operating the permits that we acquired previously will be converted, but in the bus sector especially in this province there has never been any communication. We are a stake of government. The SANSBOC is created by Department of
10 Transport. We have a memorandum of understanding with the department that we are a body that represent the interests of bus operators. However, the planning and decision when it's taken like this one, we are not part of that process. We are sitting here today with this confusion of converting those permits to operating licence.

15 Our members mostly they are in a scholar transport, charter services and private operations. Some of them today they are sitting with that frustration because they don't have that operating licence. Another issue is that this PRI you will be told about the delays of – if it's not the delays, there's no timeframe and when you get to the traffic enforcement there is no temporary arrangement
20 to say when they say a delay from the government, you would be able to explain this thing.

You will be told also about a special permit, but this special permit there's no common understanding in four regions. When you get into this region they say you must have an operating licence of something before you can have a

special permit, which is a problem because in terms of the understanding there's never been such a thing.

The third thing is that the operating times of these offices is from eight o'clock to four o'clock. When you ferry people and you're getting a breakdown, and you have a backup of a bus, you are sitting with a problem that your bus can be compounded because there is no any merger in place to say when there is a relief bus there must be a document that you'll be able to produce to Traffic or Law Enforcement that you did comply, even if you complied and you're having a breakdown you are still sitting with that problem.

10 So with the routes like we indicated is a problem because it's not been transformed, people that actually are holding that route, they've been carrying those routes from previous regime, even after the process that was there in terms of our presentation. The second one is around the allocation of operational subsidies and its impact.

15 Small bus operators in the North-West have never had a privilege to be allocated a subsidies (sic). We are – the only thing that we can say is subsidy is when you were very fortunate that you acquire a contract of scholar transport. There are more than five operators in the North-West, which some of them we're talking about interim contracts, we are talking about tendered contracts, 20 we are talking about negotiated contracts. None of those contractors benefited small bus operators. We are not benefitting at all in terms of that. We are not getting any subsidy, even now after 20 years.

Even if the NLTA Section 41 emphasis that we were supposed to be integrated in terms of the network, we were supposed to be empowered in terms of these 25 processes, we were never – even up to now – been integrated.

We actually see the contrary in terms of this process that some of the development that is happening continues also to exclude us.

It is obvious that there is no way a small bus operator can fairly compete with the big operators with the reasons that I've given and also without a form of
5 financial assistance similar to the bus subsidy granted to big operators. The only thing that we continue to see is that frustration that even if there's an opportunity somewhere you won't be able to also to grab because of the financial requirement of some of the institution.

When we're coming again in terms of the NLTA transport planning like we said
10 some of this thing the NLTA was initiated to decentralise some of the functions including the authorities. Contrary to this thing – contrary to what is stipulated in the NLTA, the small bus operators are not included in the transport planning. There is a provincial transport planning and policies. If you happen to be part of the process because the culture and the practice has been always that our
15 government authorities they would appoint a consultant.

We're supposed to be involved in terms of this planning when the document before it's adopted because there's no way that you can talk about a public transport policy without have involve people that are involved, but we can confidently tell you that some of these policies that are there, including some of
20 the ITPs is between the consultant and the municipalities and the provincial department where we have never actually been invited to come and make a presentation which is contrary to what the NLTA initiated because it has stipulated very clear that we must be integrated in terms of the network and opportunities that are there, so we are not part.

25 We hope to be included in the feed-up routes of BRT network as we

were made to buy into conception of BRTs, but this was in a pipe dream. We are completely side-lined. There is a term that they use to say you are not affected. Now our operation, nobody – because you must tell us a piece of legislation that says we are not affected because the type of our business and the environment that we are doing, we have private sectors – I mean private hires, we've got charter services, but there has always been this exclusion and the explanation was that we are not affected.

And I am worried, Chairperson, because I saw the draft of the current NLTA that they want to amend. That is taking place currently. Because this thing of BRT of who is affected, is not affected, they want to legitimise it. It's there in terms of the current proposed NLTA. So they want to formalise because there was a grey area in terms of the legislation to say what is an understanding to say you are talking about integrated transport planning. Now why are you excluding us and there is a grant, there is monies that has been actually given to municipalities in terms of integrated transport planning.

Now it's getting legitimised, which is a process that is a worrying factor. We are not aware of any route planned for small bus operators so far, even though SANSBOC is a product of government and regarded as a major partner with government in terms of formulation of new policies, amendment including recommendations involving transport related issues. We were not included like I indicated.

The transformation in the public transport level assessment. We regret to say the only the only transformation in the public transport is only narrative after so many years of democracy. Apart from scholar transport like indicated, we continue to be excluded and the public transport for the past 20 years

decreased for more than 80% and benefitted at some point the taxi industry because there was taxi revitalisation. At the bus sector there's nothing in terms of employment program of – programs that we can state in terms of that process.

5 When we come into contracting relating to bus operators, in the North-West Province like I indicated, none of the small bus operators were ever given that chance in terms of the contract services or subsidised beside any allocation like we indicated and the continual allocation of PTOGs, we have never been part of it. The access to finance. Access to finance is a problem also to small bus
10 operators due to the high operation cost in the bus industry. Most of especially in the North-West Province. North-West Province is predominantly a rural area. Where we are servicing is rural areas with gravel roads, which actually make maintenance very extremely high.

It's not easy to cope in terms of operating, in terms of this gravel roads and the
15 type of conditions that are not serviced by government. So our maintenance continue to be very high because when the finance institution they want to fund you, they also consider some of those environment. And another thing, small bus operators are regarded as high risk by the banks and financial institution. The institution do not trust anymore who applies for finance and contracted by
20 government as also a result because they used to be when you have a contract with government it will be like a sureties with conditions.

But the late payments of government that some of them is taking even more than 90 days, even if for instance you managed to have convinced a financial institution. Lately they regard us as one of because a bus, Chairperson, a
25 cheapest bus that you can get is R1.6 million. A cheapest bus

that you would get is 1.6 million. Now it's not easy to finance or to get people if you for instance you are looking for three because they go as far as 2.5 million for a bus and they're looking for number of factors that is there sustainability, are you having ability to can pay back in terms of those things.

5 So those are the frustration that we are sitting with. Another issue that we would want to bring, I think it's still far-fetched in terms of the integrated transport planning between the taxi industry and also the bus sector. Some taxi operators have strong belief that passenger belong to the taxi industry and they're not willing to share. The passenger does not have a privilege of a
10 choice according to them.

Some also since the routes are also registered to the taxi association impose the monopoly of operation and also expose passenger to danger due to the violent tactics at some taxi ranks. With the bus sector it's different like I alluded. There is an association, but the allocation is not in accordance with what is
15 happening at the taxi industry.

So this is still far-fetched in terms of the understanding to harmonigize (sic) that the passenger they still have the right to choose the type of mobility for the purpose or to contract. It's still far-fetched in terms of making sure that we are part of the ITP. It's still part of – it's still a problem in terms of the cooperation
20 that is there between the taxi industry and the bus sector because the continued – there's a continuous harassment and intimidation in some cases different areas.

So it's still a problem in terms of that process that we have alluded in terms of that process. Also in terms of the addition that we would want to add. There is
25 a process around the monopoly of the big bus operators, which if the

government is not going to make an intervention. Some of the institution of government when they finalise their specification they would require a new bus. Without understanding to say how long does it take for factory to manufacture a bus, a one bus?

5 Now this monopoly we saw where there was opportunities and some of our municipalities, some of our government departments they will continue to agree with this pack. When you happen to have been successful in terms of this thing and you are required to produce 100 buses, you are not going to get those buses available in South Africa. But is it coincidental that the big bus industry
10 would – will already be in the 50th or 60th back-order. How did they know? Because one of the requirement in terms of the manufacturing because when you're talking also about the big operators, we might not have a scientific proof, but we think that there is a – somewhere people are colluding because the other one is having money, the other one is having a capacity in terms of doing
15 this thing.

They will manufacture a bus when you have paid. So it's not like a car because you are talking about big money here. Now the big bus operators they would be able to put R1 billion and say you are going to manufacture so many buses for me. Is it a coincidence that they know that there's an opportunity that is
20 coming? Even if you get there as a small bus operator, you won't be able to produce because of that kind of monopoly that you are talking about, which we request that you also as a Competition Commission consider.

The other thing that we would like to bring to your attention. There has been under the code of good practice and transformation, what we call it the Bus BEE
25 chapter with codes, with number of issues that are raised and

identified to assist the small bus operators. But those things they've been sitting, their implementation has been a problem because one of those things will be a tool or an instrument that is legal to be used for transformation purposes, but Department of Trade & Industry and Department of Transport will
5 adopt such document.

We are sitting here. There has been revisit, review of these codes time to time. When you look into the implementation is zero. We are sitting here enclosing, Chairperson, with this – the negotiated contract and the tendered contracts that took more than 20 years, which excluded us in terms of this process. Even
10 beginning of this year around March, it was a deadline after the extension.

Some provinces have continued to extend for three years, some with a year with no conditions to include small bus operators inside it. We are sitting here, decision are taken by some of the EXCO, some of the municipalities in terms of this process because of the powers that are given to them, excluding bus
15 operators around this process of transformation. So we are making a plea to say for us to remedy the situation let's implement the BBB – I mean Bus BBEE charter because it has identify number of areas.

We have also make a submission to say when we go for negotiated contracts there must be a proviso of – set aside of at least 50% because you are talking
20 about ownership and control. So we have made a proposal to the Department of Transport to say because you are talking about a contract of between seven years and 12 years and these people have been sitting and benefiting from the part regime, even continue to benefit.

Those were the recommendations that we did and lastly we are

requesting that there must be an alignment of the process, the current process that is taking place after amendment of the NLTA like we are saying is taking place and the process that the Competition Commission is doing now. Because if you don't synergise this tool, there are areas that are affecting the amendment
5 of that NLTA and with the find – the fact-finding mission that you are doing.

So there need to be – at some point you need to align the two. My proposal will be that let the parliament hold the process of amending the NLTA before - until the Competition Commission have produced the report because it will be then a fallacy in terms of what we are doing at the Competition Commission because
10 we are expecting at least there will be impact. I have tried to summarise all our points. Thank you very much.

CHAIRPERSON: Thank you very much, Mr Godomo, for your presentation. I'm not sure whether your colleague wishes to add to the presentation.

MR TSHONGO: Everything is covered.

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

MR LESOFE: Thank you, Chair. Thank you very much, Mr Godomo for the presentation. If I may start from the beginning. When was SANSBOC, North-West, established?

MR GODOMO: They have been registered 2009.

20 **MR LESOFE:** So you started operating in 2009?

MR GODOMO: Not starting to operate in 2000... – we have been fighting for this for a long time until the government said you don't come with a different unions – associations, just form one association that will be a mouthpiece of small bus operators. Then we constituted it in 2009. Since then the province
25 made their provincial branches.

MR LESOFE: Okay and how many bus operators does SANSBOC, North-West, represent?

MR GODOMO: We're around 80 bus operators, but there are still more that are not clear because they don't see as doing something that there is appreciate is
5 a value for their transformation because we could not get assistance that it was (indistinct) since 2009.

MR LESOFE: And I ... (intervention)

MR GODOMO: You understand (indistinct) us understanding in 2009 and the other one this year, yes.

10 **MR TSHONGO:** Just – when we started we were 80. Currently because it's growing we can say – let's talk about plus minus 130 in terms of the North-West Province alone, but when we started, we started when we were 80 in terms of owners of buses. Not the number of buses, but – because you can be alone and having five buses. So you affiliate with a company. So that – just to clarify
15 that point.

MR LESOFE: Are you able to estimate the total number of buses that your members own?

MR TSHONGO: The total number we can talk about plus minus 500 buses currently.

20 **MR LESOFE:** Okay, thank you. And just in terms of the services. So your members of scholar transport services, right, if you – just for the record.

MR GODOMO: Currently we don't because there are new entrants a 2008 bus service provider to scholar service, but not all of them came to us because though – our requirement is to own a bus. Some of those they did not own
25 those bus, they're hiring for somebody else, but the whole – those who are in

scholar transport is around 280.

MR TSHONGO: Our services, unscheduled services, private hire, charter services, scholar transport, the requirement is that – I mean there are those that are having contract with government, there are those who don't have contract
5 with government. Our requirement is that you must have a bus. You must be owning a bus, contracted or not contracted, as long as you are bringing us roadworthy certificate and registration that you are owning a 35-seater and above. That is how we operate.

MR LESOFE: And what do your unscheduled bus services entail?

10 **MR TSHONGO:** We don't have routes, so we are run as unscheduled because like I'm saying it's a private hire, charter services and whatever. So we don't have scheduled routes, it's unscheduled routes majority of our members.

MR LESOFE: And which – if you could identify some of the areas that are largely serviced by your members.

15 **MR TSHONGO:** The large service is scholar transport.

MR LESOFE: Just in terms of areas, the specific areas that are serviced by your members.

MR TSHONGO: We are in for North-West ... (intervention)

20 **CHAIRPERSON:** Sorry, before – Mr Lesofe, does this relate to the unscheduled commuter bus service ... (intervention)

MR LESOFE: Yes, yes.

CHAIRPERSON: ... not scholar transportation.

MR LESOFE: Yes, thank you for the qualification, Chair. Your unscheduled commuter bus services, which are as we understood from your presentation is
25 an unsubsidised service. Which routes are you servicing that is on the – in

relation to the unscheduled commuter bus service that you provide? Exclude charter hire, exclude private hire, exclude scholar transport, just the commuter bus services, which routes are being serviced by small bus operators? And maybe if I may add, do those routes overlap with the routes serviced by the
5 subsidised bus operators as well?

MR LESOFE: Mostly we don't have the specific route. Schedule service, previously it was called organised path. It was a core business of small bus operators where we will bring a scholar, not those who contracted with the government that people pay individually. And at weekends people come like
10 churches and schools they hire a bus to somewhere. We use it, we have a – that organised path permit that we have been promised that will be just converted to operating licence in the other name of charter, not using the organised path.

Organised path doesn't exist anymore on NLTA. It existed on LTTA, the
15 previous one, the 2000 and LTTA that was allocation of organised path. Now that name was being abolished. They created another name that is charter and that charter is – they – we were made to believe that we will just convert the operating licence – I mean that permit, the organised path permit, to the charter service. And nowadays none of us we have that charter service granted to our
20 members.

So it's become a difficulty for us. It's frustrating any time – every time you have some claims you need to go somewhere, you have to race to the permit board to ask for a special temporary permit for that occasion. And that is a problem that is making us difficult to continue on that road. That's why since 20 years
25 back our volume of service have been almost continuously broken

down.

Sometimes when people come to us they need transport we could not afford to give them a transport because we don't have a permit. We fear that our bus will be impounded and where else. So those kind of services when they take away
5 by big brothers, big operators because they have been that which opportunity to convert organised path to charter services. They have permits to travel all around. So basically our business in that aspect has been abolished by this new NLTA or the pre.

MR LESOFE: Can you – I think we are a bit confused from our side ...

10 (intervention)

MR TSHONGO: Can I just try to add?

MR LESOFE: Ja.

MR TSHONGO: North-West is divided in four regions. It's Dr RSM Mompati, Dr Ruth Mompati. We are seeking it in Ngaka Modiri Molema. There is
15 Bojanala which is your Rustenburg area. There is Dr Kenneth Kaunda that is Klerksdorp area. The commuter are allocated the scheduled and also subsidised as follows. Your Bojanala area is having Bojanala Bus Service, which is commuter and also benefitting from government subsidy with the scheduled services.

20 And also your Tari Bus Services. Ngaka Modiri Molema is Damelang which is working with government. At Dr Ruth is Pumatra. At KK there's a private company they call it (indistinct). Now how we operate, we don't have any – it is as and when. When you need to take people somewhere like you are saying unscheduled, when you are saying unscheduled. When there's a demand of
25 you to take people somewhere, there is no – you don't have a – like

all these operators they can take anybody at anywhere at any time if I have to explain in terms of this licencing, they can take anybody at any time anywhere.

With us you would only take people from Friday to Sunday at their destination and it's a special permit. You can go any area outside the province or inside
5 the province. So you can't call it a schedule, it's as and when. That is why we call it unscheduled service. So it's a private hire and those that he was trying to allude about. So it's a demand and supply, but this demand and supply it disadvantage because our people mostly are Africans. They will collect money during two weeks and they will come to you at four o'clock on Friday.

10 And if you did not went to the permit or pre-offices on time for a special permit that means you weren't able to transport those people. That's the nature of business compared to our opponent, they are ... (intervention)

MR GODOMO: Big brothers.

MR TSHONGO: I don't want to call them big brothers. There's disparities in
15 terms of this allocation of licencing which is disadvantaging us around that – the same issue, but previously we had an organised party. Organised party even people come to you at 12 o'clock midnight would give you a right to go anywhere in terms of not specific route, but it would then give you a permission to go and ferry people to their destination.

20 **MR LESOFE:** So in other words are you saying that you don't have route based operating licences at the moment?

MR TSHONGO: It's only the scholar because the scholar – except the scholar there is no specific route allo... – there is none of those to us, ja.

MR LESOFE: Ja.

25 **MR GODOMO:** Except some few in Rustenburg area that they have routes to

Eastern Cape. Other regions don't have any kind of that service.

CHAIRPERSON: Mr Lesofe, you may continue with your questions.

MR LESOFE: Thank you, Chair. If we could talk about the subsidy contract system. You seem to have concerns about how the system is currently run and
5 I think these are legitimate concerns, largely because you've had similar operators, you know, being awarded the current contracts in perpetuity and that inevitably puts smaller operators at a competitive disadvantage. So you are badly affected by the current state of affairs.

So my question to you is if the current contracts were to be terminated and
10 tenders are issued, would your members be in a position to tender?

MR TSHONGO: Using the current legislation because there are two processes, tendering or negotiated contracts, we have applied our mind in terms of the same question that we are asking. And with the presentation that I did about the monopoly of manufacturing companies, the specifications and the
15 environment that you are operating from, it's going to be very difficult in terms of you can be appointed, but als... – for you to run the operation as immediately might be a challenge.

After consideration of those options and the legislation, we have made a submission to the government. We don't have a problem to work with our
20 counterparts of big operators through the negotiated contract. We have made a submission that the law allows in terms of the NLTA to say it's feasible, it's possible. The law also allows the empowerment process of it. We need to agree with the percentage. So to answer your question, we have made a submission for negotiated contracts which will balance the prejudice because
25 they have been empowered for more than 30 years.

To go for a tender if for now and say you're going to compete with these people because we cannot compromise the safety, we cannot compromise some of the specification zones. With the current dynamics and the environment that we are operating from it's going to be very difficult because of financing, access to
5 the markets, finances and all those things. So we will actually if we are given an opportunity, opt for negotiated contract, with the conditions that we have submitted.

MR LESOFE: Okay. I think it would be very important for you to share the submission that you've just referred to with us. I think it will assist us a lot. So
10 essentially your preference would be some form of subcontracting, is that similar to what you are proposing it's something different? And if it's different what would be your views on – in relation to subcontracting if for instance the current operators were to subcontract your members so as to empower them and to prepare them to be independent at some point.

MR GODOMO: The previous regime have made it possible for today that you are having a Putco, you are having Gold where you've got cities with city. I mean the previous regime have enable the environment and that's what we are saying. We've got experience in terms of this field. We are bus operators, even
15 if we don't have subsidies. We can manage these companies. We can – we are managing and operating this service, so we know what we are doing. We
20 know what we want. We have a plan of how can we do it.

So we don't want to be reduced to subcontracting and for obvious reason or fronting manipulations of systems because you will always remaining emerging and all those things. We are ready. We want to – a percentage where we are
25 talking about control and management. And the whole value

chain, the whole value chain – that is why I was referring without getting to the nitty gritty of the bus BBBEE charter because it's even number of areas that have identify in terms of from primary to a secondary.

So we're talking about the whole transformation in terms of the sector. So there
5 are specific things that we've got to target that we know exactly what we want, that we know how to do it and when. That's exactly that we want, not sub-contracting.

MR LESOFE: Ja, if I may come in, Mr Godomo, I think the previous question so to understand whether you will be ready if the current subsidies for
10 commuter bus services were to go out on tender, whether you'll be ready to tender and to contest those contracts and to provide the service and it seems from your response, your response was in the negative. Hence a follow-up question whether what you are looking for is subcontracting opportunities and your answer is also in the negative to that question.

15 I think if we can go back to the previous question about opening up the subsidy contracts, what are the obstacles or impediments to your members, the small bus operators, contesting those subsidy contracts? What are the current obstacles or challenges that our members face and are those obstacles – can they be overcome or are they insurmountable obstacles?

20 **MR GODOMO:** Chair, you will agree with me that a tender process is a very tedious process and currently that's why there is a commissions that are taking place and (indistinct) factor are also contributing beside access of finance. We are operating in a sector there that politicians at the provincial levels and national and municipalities are taking decisions.

25 When you open a tender you are opening – yes, it's a fair process in

terms of the objectiveness but you must also look to other factors, the risk factor part of it in terms of the previous experience that we have. Where we are sitting where you know exactly that how many bus operators are there. They are not going to benefit as individual, they are going to benefit as a collective organised
5 with their business module and everything.

You would be sitting with people that have money, that have those billions of money, not being in the sector. And in terms of finances they will have an advantage more than those that have been waiting for the past 25 years. That's one other thing that I can refer to. The second issue we also came with some
10 proposal previously to say your IDC and our empowerment fund and all those things. We are not saying we must be given money, but if the government can come on board because there are also financial institutions that need an assurance in terms of when we're talking about the sureties and other things, they would be able to be prepared to can take a risk in terms of these things if it
15 has been focusing on the concern on – because they want surety in terms of how do you pay the loans and all those things.

So to answer your question like I'm saying yes, tender process is having its own challenges and that is why we had opted for it because the negotiated contract you would have – you are able to (indistinct) as the outcome because you will
20 know exactly what you have, but with the tendering process it's something else. So with that reasons that's why I'm saying that – I was trying to respond to your question to say there are also negative, but with those reasons it's a fact, some of the politicians have interest in terms of these processes, it happened.

CHAIRPERSON: Ja, let's leave aside perhaps the concerns around how the

tender – the possible outcomes of the tender process. Assuming an objective and a fair tender process. With your fleet of 500 buses, what is it that would preclude you from contesting these subsidised routes, were those routes to be opened up on tender because you – we assume that you have the capacity and
5 you said you have, you have a fleet of 500 buses currently in the hands of your members. There are also other smaller bus operators who may not necessarily be members, who also have the capacity. So that is what we seek to understand.

MR GODOMO: We have the number but not the quality that is required for – to
10 render that service.

CHAIRPERSON: Oh, not the quality?

MR GODOMO: Because mostly – 99% – I can say 99% of our buses are second-hand buses compared to those operators that have had the opportunity to acquire new buses.

15 **CHAIRPERSON:** You may continue, Mr Lesofe.

MR LESOFE: Thank you, Chair. I'm sure you would also – or one of the constraints would be access to infrastructure such as depots and the likes, right? Would you confirm.

MR GODOMO: Depots must not be a problem. If – we do have a plan and
20 already we are operating in these areas. So if you know exactly that there is – you have an opportunity in terms of these routes because you are familiar with these areas like for instance in the North-West, it must not be a problem for us in terms of yes, we might not own depots, now we are having our own individual workshops that we are operating and all those things.

25 But if for instance an opportunity within the business model that we know

already it has been an indicator, including to accommodate young engineers that are coming from school. There's been also a challenge around the diesel mechanics. There are a number of things that we did consider in terms of this depot, not only for the buses, but also the workshop part of it has also been
5 considered to have a skill transfer in terms of that process because the very same skill at a workshop is still in majority of a certain grouping. So it's also a part of the plan in terms of the depot and the workshop together how to run around it.

MR LESOFE: Thank you. Now if you look at the business model that is used
10 for purposes of implementing BRT, in terms of that model taxi operators are required to organise themselves into – or to establish what is referred to as VOCs, vehicle operating companies, or bus operating companies and they are then given shares, their own shares in those vehicle – VOCs and those VOCs essentially run the operations. Would your members be open to a business
15 model of that nature if they were to be given opportunities to participate in the subsidy contract system?

MR GODOMO: We are already there. There are primary co-operatives, there is secondary co-operatives, there is a holding company which is a (Pty) Ltd, so the model accommodative body and like you are saying the shares and all
20 those things. And one other thing that we are doing, we are also learning from our count... – from our colleagues from the taxi industry that some of the mistakes that they did in terms of the co-operatives and other things, we share notes how to avoid similar mistake in all those things. But already like I indicated we do have those processes in place. Currently there is already
25 registered they are there so in terms of replying to that question.

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

CHAIRPERSON: Mr Ngobeni?

MR NGOBENI: Thank you, Chair. Mr Godomo, just to understand what – you spoke about the question of affectedness when you were discussing the issue
5 of the current BRT, the RRT process that is currently unfolding in the province – sorry in Rustenburg. What sort of criteria has been communicated to you by the city as being the criteria that the city is going to use, or is currently using to determine affectedness?

Because I understand you to be saying that it appears as if some of your – your
10 members are not affected according to what the city is saying – according to what the municipality is saying.

MR GODOMO: When there was that initiative in our province, in particular case in like Rustenburg, we raised a concern after our members that site have raised an issue through the Department of Transport because they are also – there's a
15 steering committee. In the first place we are not part of that steering committee. We raised a concern, starting with the Department of Transport. We even initiated a meeting in terms of meeting the municipality around this issue and it was all noted and there was a promise to say they will come back to us, but the process unfolded beside follow-ups and all those things because the issue
20 around affected and all those things. There was nobody that actually clarify that things because we believe that we are affected. So there has been attempts, which did not result anything.

MR NGOBENI: And are any of your members currently operating on those two corridors that the municipality mentioned and I think they mentioned Phokeng
25 and Kanana.

MR GODOMO: We do have members that are operating where that route is because they tried to explain to say where do you – when you don't – we tried to actually explain the very same issue that you are asking. Now the issue was about whether the line is going to pass. So the understanding was not we are
5 not reading the same book, the same page because like we are saying we did indicated to say we do have members that are operating those areas and their explanation was about the line where the rail is going to pass and all those things. So there's never been any clarity it – up to this stage, but we did make some attempts in terms of those things, ja.

10 **CHAIRPERSON:** If I may just come in there. Earlier in response to questions from Mr Lesofe you indicated that your members don't have route-based operating licences. So on what basis then would you have members who are servicing those roads from Phokeng to the CBD as well as from Kanana to the CBD because I understood your submission to be saying that you don't have
15 this route-based operating licences. In other words you don't provide any commuter a bus – a route-based commuter bus service.

MR GODOMO: Thanks, Chair. Remember I said we do have member that servicing the tourist. We do have the member that are having private hire. So in those areas there are numbers of activity that our members within those
20 areas, beside that they are not subsidised. Why we were arguing that they are affected is because once you come with this initiative of BRT, the opportunities that they were getting in that area, they are going to affect it, even if they are not subsidised, even they are not scheduled.

But there has been little activities that are taking place with our members within
25 those areas. Now if you are bringing me a fancy whatever system like

your BRT, our members where are they going to operate? That is the understanding that we had in terms of responding to that.

MR NGOBENI: And has the process been concluded? Would you know if any of those, you know, processes in terms of determining whether – who is affected and who is not affected?

MR GODOMO: We were told we tried. There has never been – and there's this problem of I think generally in the public sector in the municipality the change of leadership, the change of managers, project managers and all those things, the institutional memory you would go today, have an understanding. When you come next week there is a different person, there's a different political head with a different ... – you must start afresh in terms of this process. So it's one element that is being a problem to us.

But currently I don't have any formal thing that to say is it formalised or concluded or not, but like I'm saying there's been – generally there is that frustration in terms of the changing of leadership and management in terms of these institutions.

MR NGOBENI: Thank you. And you also spoke about the delays at the PRI. What are the reasons that has been advanced in respect to the applications that have been brought by your members because we understand that the – in terms of the minibus taxi operators there is a moratorium and they're also dealing with a backlog which – applications which were brought to the PRI before the 2015 moratorium. In respect of your members, what are the reasons that are being advanced for the delays that your members are currently facing as you indicated in your submissions that you've been at – you know, there are delays that your members are facing in terms of those applications.

MR GODOMO: I'll give you just a scenario. The Department of Transport is responsible for issuing your contract for scholar transport. In this effect when you have the necessary requirements and then there's a contract in place, the process of issuing the operating licence for a scholar must not be the same like
5 your other application. But I can confidently tell you now to say some of those things they are sitting with more than a year.

It doesn't need any review. Once you have a contract and all the necessary requirement, roadworthy, no exceptional, it must be – immediately when they have that then they must issue with an operating licence. And I've been in the
10 industry for some years. Even previously as far as your 2010 up to 2015 there was a contract of five years where some operators operated five years without an operating licence. We just time to time we'd have to encourage our operators to have your temporary permit because that one you get it when you produce the contract and all those things.

15 So it shows you how actually a problem – previously there was – we were told about the problems of PRI. It was dissolved and there was a temporary PRI. Now this backlog doesn't have a timeframe because as I'm saying the frustration is that the law enforcement some of them they don't have that understanding and they don't want to understand.

20 **MR NGOBENI:** And lastly, Chair, when you begin – when you started your presentation you started with a concern and this – the concern that you raised was around police objectives. You started with the 1996 white paper and the fact that after 20 years nothing has been done. Two questions for you. One, what do you think are the reasons why nothing has been done up until so far.

25 And secondly what can we as the Commission learn in order to make sure that

we don't repeat and we don't come back again 20 years and the issues are still there?

MR GODOMO: It's very complexed (sic). In the North-West alone we had – in seven years we had five MECs. We had six HODs. The institutional memory is a problem. You conclude an MOU, you conclude an understanding, you try to follow, there's a timeframe. When you come back there's this reshuffling. When you come back there's this change. When those come back there's this deployment.

I think at some point policies that are there for me, we were supposed to be saying how many percentage we managed to have achieved despite who is there. But to revamp the wheel that every time when there is a – changes either at the political head and this for me is a point of concern. You need institutions where like your Competition Commission where – I mean why SARS is there and you – when you owe SARS they will always – no matter who is there, there's a system to follow that you are not compliant.

Why some institutions are able to be effective despite who is there? For me in our sector we need a Competition Commission to zoom in to some of this challenges and they would be able to trace to say because irrespective because some of this has been in our control in terms of those changes that are there. But it compromise who it tran... – it actually compromise the operators. It compromise the majority of this country. It compromise the previously disadvantage. So the government processes it's meant to enable the environment for us to be conducive, not of restate or so. We need to change in terms of how we do things. So that will be my respond in terms of how to tackle that problem.

MR NGOBENI: Thank you, Mr Godomo. No further questions, Chair.

CHAIRPERSON: Thank you, Mr Ngobeni. Ms Nontombana?

MS NONTOMBANA: Just one question. So I hear you saying that none of your members have subsidised contracts and you – also they tend to service
5 your rail commuters. So my question is how are these operators able to sustain themselves, given those challenges?

MR GODOMO: It's a serious problem. It's a serious problem because a licence of a bus goes up to – it goes with weight. One would be around R25 000 per annum. When you don't get work, what do you do? You park it. There is a
10 roadworthy that is required at every six months you must take it to the test. For you to get a roadworthy certificate you must pay double, *pro rata*. When I have taken it December and paid the R25 000 and I'm expected to bring it back by June, I must pay R12 000.

So it's a serious frustration with those – direct to your question it's a serious
15 frustration because if you don't have any income that means you must save or it must park there because you can't sustain. The maintenance, (indistinct) and all those things have alluded. So that is the response in terms of that question, Ma'am.

MS NONTOMBANA: So are there routes that are no longer serviced by the
20 operators because of the challenges that you face? Where you just stop as you say if you are not able to pay for a licence for example the you park the bus. So are there routes where operators have had to stop and not service those roads because of those challenges?

MR TSHONGO: There are – we don't have – I agree there's initiatives of the
25 community, what do they want. So that means the small (indistinct) amount and

benef... – the business that will be enjoying from your rural area or that particular area, if you did not renew your licence, if your bus is not roadworthy, that means you won't be able to continue and somebody will then actually take that business.

5 **MR GODOMO:** I may add on that it was made difficult for a small bus operator to have a route because of the previous big companies that even now some of them doesn't exist anymore. There was overruling and objecting anyone that was coming on their way. So we are sitting with a bus without a roadworthy. We are just waiting for an organised party. It was our premier source of income
10 organised party. Route, we don't have routes physically.

CHAIRPERSON: Thank you very much Mr Godomo and Mr Tsongo for your time and for your presentation. We will certainly take up the issues that you have raised with the relevant stakeholders, including the province as well as the national Department of Transport. Thank you very much, you are excused.
15 (Indistinct discussion ensues). We will take a short five minute break for tea and we will be back at ten to one to receive the next presentation. And so we will be back at ten to one to receive a presentation from Atamelang Bus.

HEARINGS ADJOURNS

END OF SESSION 1

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Session 2

PROCEEDINGS CONTINUE ON 26 JULY 2018

CHAIRPERSON: You can come and take your seat here in front. You can bring your tea or muffin. Welcome, Sir, and thank you very much for your time.

5 You may take the oath or the affirmation and please switch on the mic as you do so.

THEBOGO SEBUTHA: (duly sworn states)

CHAIRPERSON: Thank you very much Mr Sebutha. If you could start by introducing your organisation as well as your position within your organisation.

10 **MR SEBUTHA:** Okay. Ja, as I said my name is Thebogo Sebutha. I am from Atamelang Bus Transport. My position at Atamelang is the Transport Manager, responsible for the operations of Atamelang. Ja, Atamelang Bus Transport is operating in the Ngaka Modiri district of the North-West. We are operating from four centres being – the biggest one being Mafikeng and then Zeerust,
15 Lichtenburg and to a smaller extent Delareyville.

We are operating with a total of 144 buses and Atamelang Bus Transport is wholly black owned and we have got 100% of black employees. That is the introduction of the company. I don't think that I've left anything else. It is just that there are things that I'm going to do an oral presentation. Because of the
20 logistics we could not have time to do this because the managing director was supposed to come in here, but due to some commitments he couldn't.

But I think as I'm at the coalface of the operations, I will be able to deal with all the issues that may need to be dealt with. This is a daily – this is my daily bread, the operations. Atamelang started operating in the North-West Province

since 1 September 2004 until now. Their initial contract was for seven years, but it has been extended for one year, two years, until now because for now the contract that we are running ends on 31 March 2019, but nothing has been done. Currently we don't know whether are we still going forward or are we
5 stagnant. Can I continue? Right.

What I'm going to present now I will just present on the allocation of operation subsidies that has been tabled here. I will just say the current subsidised model it works in such a way that, you know, we are not – I think the government is not subsidising the commuters as such. They are subsidising the kilometres that
10 the commuters are travelling.

Previously the subsidy was based on the section of the commuting passengers, but now it is now covering everybody, scholars, your workers and your casuals because all the subsidies are based on kilometres. Every section has got its own rate, as we call it. It means your Mafikeng rate will not be the same as the
15 one in Zeerust and the one in Lichtenburg will be different from all others and then the Delareyville also.

So the current model of subsidising kilometres has got its own limitations because your biggest problem is that since the routes that we are operating were studied or can I say were confirmed in 1996, it means by the time the
20 contract kicks in – kicked in in 2004 you had about eight years history that you are supposed to work with.

I think the initial operation was a challenge because the routes have changed and the villages has extended – have extended and you've got new developments, but now you were constrained by the kilometres that were
25 approved. And then as an operator the challenges that you have is that if you

are going to operate those additional kilos to cover for the – for your commuters, it will be at your own account because the government will say we have got this contract for so many kilos and then we cannot approve it because of budgetary constraints.

5 So the challenges that the operator currently has is that you have got a lot of kilometres that you are operating on your own. Those kilometres are not subsidised, especially of the new developing villages and extension of villages. So it means that your poorest of the poor, your far-flung areas, actually the government doesn't help the operator to operate, but you do it on your own and
10 it's not classified as social responsibility because you are still expected to do some social responsibility on that.

And then I would like to say that even those kilometres that are being subsidised, they don't cover all the majority of these poor communities because there are new areas that are developing, but they don't have transport at all.

15 Because if you look at the infrastructure – the road infrastructure of the North-West Province, it is very poor. You will find that you don't have any taxis that are operating that side.

You have got the only mode of transport should be a bus, but now as a bus operator you also calculate your losses if you are going to operate that route
20 with the conditions that it's in and a further matter is that you are not going to be subsidised for doing that and you cannot impose fares on your commuters because they are also regulated by the government, you are only allowed to increase your fares once a year and even if you can request a certain percentage, it's the government that will decide how much can you charge as
25 far as your cash is concerned.

So sometimes you have got to be wise to see where you can get additional funds to can assist your commuters. That's why sometimes you have got to operate your private hires, but private hires you can only operate on weekends when you don't have your peak vehicles that are needed to transport your
5 passengers. Because failure to operate any trip whatsoever, it is a penalty from the employer, who is the government.

And then the impact of the subsidies on competition. I don't think it is really effective because currently your fares – your taxi fares and your bus fares are almost the same and currently your bus fares are actually more expensive than
10 the taxis if you are going to compare your cash prices. So the only advantage that a bus operator has is that additional subsidies that he get on kilometres travelled.

Although currently I mean with the current inflation rate that is going and the increase in your fuel prices, it is a problem. And even if they – when your
15 contract has been extended, it's extended based on the original contract where everything remains the same. Terms and conditions remain the same, your escalation factor remains the same irrespective of the price increases. You must – price of the fuel increases. You still have got to do it as you did it in 2004.

20 In actual fact really to – and then to expand your service, having no valid contract that can allow you to approach your financing houses for finance to improve your fleet, is also a handicap as far as your operations are concerned. Because if you don't get a contract that is in excess of five years, it's not easier to – it's not easy to be able to can get finance from the financing houses
25 because you know that if you buy a bus – a bus currently is about 1.3 million –

you won't be able to pay it within the two year contract period that they are giving you, or the one year contract that they are giving you. So the company on its own it must take its own risks and lay out the capital to purchase new buses because your main priority is your commuters that you must provide transport
5 too. And then as far as the transformation is concerned on the industry, as far as the subsidised transport is concerned. It is that transformation is not so easy to be done because I think when the contracts were issued out, it was specifically said that the bus operators must empower the taxi industry.

But that exercise it didn't work out quite well, it has got its own challenges.
10 Even up to this day it has got its own challenges. It is not all the operators that actually managed to harness this issue of subcontracting to taxi industries. There are various challenges that actually berating the smooth transition or the understanding of how the subcontracting should go about.

And then the other issue is that as far as licences are concerned, it is not an
15 issue because the contracts are based on the number of buses that you are operating your contract with and they are still the same as they were in 2004. So the permits that you have are still the permits that they are going to renew whenever you get an extension of the contract. So we don't have challenges as such regarding the award of the operating licences because they are being
20 based on the number of buses that you are using on the contract.

The only thing is that you cannot get additional permits to get additional buses. The routes are still as they were in 2004. Any additional, you must do it on your own. So it would have been better if the decision could have been taken of when are the contracts going to be extended because by now we are already in
25 July. We are left with about seven months before the end of the financial year –

that is 31 March – and nothing has been said as far as the extension of the contract is concerned.

And this is not only for Atamelang, but for all the subsidised transport operators that are currently here. This is a South African issue, it is not a provincial issue.

5 It is very quiet now, we don't know whether will they still extend it again because if we start advertising it now to get the transaction, they'll advise us to get the new routes as they are supposed to be. I am not currently sure that the government will be able to do that.

I foresee that I think the contracts will once again be extended, but by how long
10 I don't think it will be more than a year. What we need, we actually need somebody who can just take a decision and say let us go out for an open con... – tender contract or for a negotiated contract as it was before or come up with a new thing because there are laws that have been put through your NLTAs and your whatever, but nothing is addressing the problem of the contract as far as
15 the operators are concerned.

That's why we have got other operators that are actually struggling to survive and then as a result now it affects the employees also as it was the case with our colleagues in Brits. We had problems and they had to retrench people, which is very bad as far as the economy is concerned. I think I have covered
20 most of the issues that I was supposed to do, but if there are any questions, I think I can expand on the – on my submissions. Thank you.

CHAIRPERSON: Ja, thank you very much for your submission. Mr Lesofe?

MR LESOFE: Thank you, Chair. Do you consider your company as a small, medium-sized or a large bus operator?

25 **MR SEBUTHA:** I think it's a medium – medium to large as we have got a total

of 144 buses on the contract.

MR LESOFE: And what is the average age of your buses?

MR SEBUTHA: Average of our age is six years because we have had an intake of a total of 39 buses during the previous two years.

5 **MR LESOFE:** So you bought 39 new buses in the ... (intervention)

MR SEBUTHA: Yes, we have.

MR LESOFE: ... in the last two years.

MR SEBUTHA: Yes.

MR LESOFE: Okay. And what is the total number of routes that you service?

10 **MR SEBUTHA:** It won't be ... (intervention)

MR LESOFE: Maybe the – those that are subsidised, the subsidised routes.

MR SEBUTHA: The routes that – all the routes that we are operating are subsidised besides those that I've said if we operate them we operate them on our own account. I can say percentage wise I can say 92% of the routes are subsidised, 8% are being operated without subsidy at Atamelang.

15 **MR LESOFE:** And maybe if you could just – so that we have a sense – if you could just identify some of the major routes that you service.

MR SEBUTHA: Like in Mafikeng we are operating in all the villages of Mafikeng, the furthest one being Dendeng (?). That is about 120 from Mafikeng. We are servicing your Gelukspan area. Itsoseng area and then the furthest to the south is Ramatlabama and then the furthest to the south is your Kopela routes next-to Atamelang township. That is Mafikeng.

20 And then the Mafikeng and Lichtenburg routes are actually intertwined because your – it's the same services towards the west they combine with Mafikeng routes. And then they are operating as far as Lichtenburg and then it's the

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same Bodibe. Also – they are also going up to Atamelang. So most of the villages there you'll find that Atamelang and Lichtenburg are operating same routes, but from different towns. That is from Lichtenburg and from Mafikeng going to the same towns. But your western part of Ngaka Modiri Molema is being operated by Mafikeng. And then Zeerust is at Zeerust. Your furthest in Zeerust is Supingstad. That is also around 135 from Zeerust – 135 kilometres.

MR LESOFE: And do you have any – do you have any – do you service any routes that – on gravel road.

MR SEBUTHA: That are?

10 **MR LESOFE:** On gravel road.

MR SEBUTHA: 90% of our routes are gravel.

MR LESOFE: Okay.

MR SEBUTHA: 90%.

MR LESOFE: And they also cater for rural communities.

15 **MR SEBUTHA:** Yes, rural communities also as well. It's gravel to go to the rural areas, yes.

MR LESOFE: And in percentages, what would you say is the percentage that – the total percent of rural communities that you serve?

MR SEBUTHA: Internally like – let's take the operations of Mafikeng because they've got two different operation lines. Mafikeng is more urban than your Zeerust and Lichtenburg because all the internal villages, or can I say the internal places like your Magogoes, your Ramatlabamas, your Lotlhakanes, they are local – they are actually your local customers. We can say there we are operating close to our 60% of our operations are based in and around Mafikeng. And the 40% is now the long-distance routes outside Mafikeng to the

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Villages.

MR LESOFE: Okay.

MR SEBUTHA: And then in Zeerust your only local villages are your Dinokanas, Welbedacht, Borakalalo and Gopani. Those are your internal. The
5 rest are now far-flung areas that you must go to.

MR LESOFE: And are any of your routes affected by BRT?

MR SEBUTHA: It's only Mafikeng routes that we are affected by the BRT because we once had an exercise here in Mafikeng where it was mooted to have BRT, but it had its own challenges and it was dropped along the way.

10 **MR LESOFE:** So currently – or just in Mafikeng not in Rustenburg?

MR SEBUTHA: No, no, not in ... (intervention)

MR LESOFE: Not in Rustenburg.

MR SEBUTHA: Just in Mafikeng, yes, we are not affected by Rustenburg, we don't operate there.

15 **MR LESOFE:** Okay, so you are not part of the BRT system ... (intervention)

MR SEBUTHA: We are not part of it, but it was mooted here in Mafikeng. There was progress and then Atamelang purchased two buses that are still idling there for that purpose that was supposed to have been done.

MR LESOFE: Now for the 8% of your unsubsidised trips, how do you
20 determine fares for those trips?

MR SEBUTHA: The fares are being determined just like you determine the normal ones. It's the same fee. You'll find out – let's talk about – you'll find that you have got an additional requirement of people from the same village, but because you have been only offered one bus in that area, you put in the second
25 bus. That second bus it's your problem. You must see to it as an operator to

pay for – you don't get a subsidy for those kilometres that they want to travel to that very same village because now you have got a demand because originally when they give you a contract you are supposed to operate with one bus. So you operate with the one bus until you've got additional people that you must
5 transport and then you must do it on your own – at your own cost.

MR LESOFE: And these additional trips, are they profitable or you run them at a loss?

MR SEBUTHA: No, they are profitable because you have good enough people that you can carry because according to the contract the minimum people that
10 you can transport in a bus is 33. So as long as you have got more than 33 buses – I mean 33 passengers or commuters it means that that route is profitable. But the margin is very low because you don't get – those kilos are not subsidised. So you are losing close to about 45% of the fare that you should get there because you're only charging a cash fare and we don't get the subsidy
15 from – of kilometres on that routes.

MR LESOFE: Thank you. You would have heard our discussion or our debate with the previous presenters in relation to the current subsidy system and I think the starting point was that – and I think to some extent you seem to acknowledge this – that the current subsidy system appears to have some anti-
20 competitive effects in sense that it makes it difficult for small operators to participate in the subsidy system. Perhaps as a starting point do you accept that – is that a fair comment?

MR SEBUTHA: Ja, it's a fair comment because what I can say is that your small operators don't have the capacity to generate the information needed to
25 get subsidised because to get subsidised there's a lot of information that must

be submitted to the government so that we can get paid. There are systems that you must put in place, your IT systems and that is a very expensive exercise to do. So as a small bus – as a small operator, to come into the system that is currently being used to determine how to be paid a subsidy for the guy who is beginning to – in the operations – in subsidised operations is very, very, very capital intensive.

MR LESOFE: So with the current system – so even if small operators had, you know, all of those things in place with the current system in terms of how it's structured, it is such that it is impossible for new operators to compete and this is mainly because contracts that are in the hands of the current beneficiaries have been extended in perpetuity. So initially when these contracts were concluded it was envisaged that they would go out on tender from time to time, but that has not hap... – that has never happened.

MR SEBUTHA: Ja.

15 **MR LESOFE:** That is from, you know, 1997.

MR SEBUTHA: Hm-'m.

MR LESOFE: So that's the context within which I'm saying – so even if they had systems in place, if government does not invite operators to – or doesn't – yes, doesn't invite operators to tender, it's virtually impossible for them to compete.

MR SEBUTHA: I would say yes because as the – the longer you maintain the current – can I say the *status quo* – the operators that are currently operating as you rightfully say it's a legacy from the 19... – as far as – it will be others like NJs from the 70's, *né*. It's only that they sold some of the operational in the – the operations in the west in 2004. It means that there are people who are still

operating now because like those – us who started in 2004, it means we have been in business for the past 14 years.

So it means that if to get in from outside is going to be very difficult because I mean we are now entrenched here, we have got enough infrastructure, we have
5 got enough buses to can operate as I'm telling you. So if you come – you want to come and operate your Atamelang services now as an outsider, it means that you must come in with about 150 buses because now we've got additional kilos that we are operating and then you must actually go get the infrastructure because the infrastructure that is here it was the government infrastructure, they
10 didn't sell some of them, but likely Atamelang managed to buy one of them, but the others still remain the property of the government, although they are not so well maintained.

So to get in the – actually the continuation of the contract as it is currently. The next one is actually preclude any new entrance into the market because your
15 Atamelangs and your Putcos and your Mojanalas of this place will continue to have an advantage over the new guy who is coming in.

MR LESOFE: Thank you. So now that both of us agree that the current system it's – it serves as a barrier to entry, my next question would be from your perspective what can be done to facilitate the entry of small and medium-sized
20 bus operators and obviously we don't want a situation where the system collapses because we want to accommodate small and medium-sized enterprises. So my question is what can be done to facilitate the entry of these small operators that have been excluded for many years whilst tracking that balance of ensuring that there is no disruptions in the system?

25 **MR SEBUTHA:** I think what should happen should be the negotiated contracts

that are based on the – there must be limitations on shareholding of the operations that – how many of your new entrants should you accommodate as the present contractor. Because if you come there as an existing contractor and you have got about 90% of the operations is yours, it means that you can
5 only share 10% to the older guys that were not there before.

But we've negotiated I think the government should make the - have prerequisites that if you are coming in, you must have one, two, three, maybe operator – small operator there, your women empowerment group, your youth empowerment, groups like that. It must be negotiated, it must be through
10 negotiated contract because with an open tender it's only those that have that will be able to participate in the tender system.

MR LESOFE: So the tender system my actually not be a solution.

MR SEBUTHA: No, a tender – open tender system will not be a solution, it will only be for those who have. The new ones will never come in. Well, the small
15 operators will never come in.

MR LESOFE: Now because there are so many small and medium-sized operators, if a government were to use negotiated contracts, wouldn't it be difficult for government to identify potential beneficiaries?

MR SEBUTHA: No, I do not thinks so because I think as far as transport is
20 concerned, we have got established structures of the operators like we know you have got your taxi industries organised, you have got your small bus operators are organised and if you come to a place like your – like Ngaka Modiri Molema district, for the government to facilitate or to negotiate and facilitate the introduction of the new entrants.

25 You can do it very easily on – as far as I can see it and Atamelang because you

see Atamelang has got three operations that are ritually – can I say that one can use as a pilot project – to say that you have got Lichtenburg and Zeerust and then you have got Mafikeng and you have got people with knowledge that are operate... – currently operating.

5 Why don't you empower these people and then take them along, give them a place to run, but under supervision of those that know and then you've got timeframes and everything else so that you can empower them and then they should work in such a way that maybe you give us time that after three years these people must be able to run this business as their own and then under –
10 because by then I mean if you take a person for three to four years to teach him how to operate a bus – commuter - to commuter bus transport.

It's going to be very easy because you just – you don't just throw him in. Make it the responsibility of the main contractor that was there before that the reason we give you this – extend this contract of yours, or we are giving you another
15 five years is that within the five years, four years you use to empower these people here and then they must be able to stand on their own.

It must be the responsibility of the current operator so that you don't throw our brothers into the lions' den and then they must use their own resources that we have currently and say okay, you allocate these buses there. These people will
20 pay it out or whatever, we'll pay them – we'll pay these buses out because they are already there. Why should we go and negotiate now buying the other buses?

You must actually make it possible that they should be able to buy these buses from you as the operator because I mean the rate and the amount of the buses
25 won't be the same as the one that you are going to get from the agents,

because agents are there to make money, but – because you’ve got 144 buses, you are using 24 in Zeerust, you are using 25 in Lichtenburg. Why don’t you now come with a contract as the government and say you guy, you are going to empower these people. Give them these buses, they must pay you off maybe
5 for a period of four years and then after that you know that you have managed it, they have paid it off, these buses are okay, they can be exchanged and they can operate and then that’s it because you are there as an operator, you know how to operate. You don’t just throw them into the lions’ den.

CHAIRPERSON: Just bear in mind, Mr Lesofe, at half past we will take the
10 lunch adjournment.

MR LESOFE: Thank you, Chair. So you – your operation started in ...

MR SEBUTHA: 2004.

MR LESOFE: ... 2004. How were you awarded your contract or contracts?

MR SEBUTHA: Pardon?

15 **MR LESOFE:** Your contracts, how were they awarded to you. I may – you may have mentioned this earlier, I may have missed it.

MR SEBUTHA: Ja, it was a – they were negotiated contracts.

MR LESOFE: It was a negotiated contract.

MR SEBUTHA: Yes.

20 **MR LESOFE:** So were you approached by government? How did it happen?

MR SEBUTHA: Ja, that time that the big Parastatal of the North-West, the NTI, North-West Transport Investment, had to disband. They had about nine depots. So the western depots from Brits, your Tari, then your Rustenburg, Bojanala, Zeerust, Mafikeng, Lichtenburg, Van Bierstad (?) and Kuruman the far west.
25 They actually disbanded and say we want to sell this companies and then they

went into a negotiated contract and there were bidders and then those that managed to raise the funds to get that, they managed to get them. It was five contracts that came out from the disbanding of NTI.

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

5 **CHAIRPERSON:** Do you have more questions, Mr Lesofe?

MR LESOFE: Thank you, Chair.

CHAIRPERSON: Mr Ngobeni?

MR NGOBENI: No questions.

CHAIRPERSON: Ms Nontombana?

10 **MS NONTOMBANA:** (Indistinct – mic not switched on)

CHAIRPERSON: Thank you very much Mr Sebutha for your time.

MR SEBUTHA: Okay.

CHAIRPERSON: And for your presentation. You are excused.

MR SEBUTHA: Thank you very much.

15 **CHAIRPERSON:** At this point we will take the lunch adjournment and we will come back at half past two and lunch will be served in the hotel restaurant and you are welcome to join us for lunch. So we will be back at half past two to receive the next presentation from SANCO, North-West.

HEARING ADJOURNS

20

END OF SESSION 2

Session 3

CHAIRPERSON: We now take the submission from Uber drivers. Welcome gentlemen and thank you very much for coming. There should be a piece of paper in front of you. You may take the oath or the affirmation. Please switch
5 on the mic as you do so. Let's start maybe, ja, on the left, from my left. Yes.

MR SIBANDA: Introducing myself?

CHAIRPERSON: Ja, you may take the oath or the affirmation.

MR SIBANDA: I, Spencer Sibanda, I swear that the evidence that I shall give, shall be the truth, the whole truth and nothing but the truth, so help me Lord.

10 **CHAIRPERSON:** Thank you, Mr Sibanda. Then the, ja you can handover to your college in the middle.

MR MNGUNI: I, Milithemba Chris Mnguni, swear that the evidence that I shall give, shall be truth, the whole truth and nothing but the truth, so help me God.

CHAIRPERSON: Thank you, Mr Mnguni.

15 **MR MOTHIBI:** I am Samuel Mothibi. 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 Mothibi. I am not sure how you have structured your presentation, but you can go ahead with your presentation.

MR MNGUNI: Okay. I will go ahead. Once again, I am an Uber partner driver
20 and mostly when I say Uber partner driver, many people don't understand because there is three stakeholders, there is Uber driver, there is Uber partner driver and then there is Uber partner. Just to explain, an Uber driver is someone who drives under the Uber platform or Taxify, but the vehicle that they drive does not belong to themselves. Then an Uber partner driver also drives

under the platform Uber or Taxify, but they would be driving their own vehicle. They can have a fleet, meaning they can have more than one vehicle. Then an Uber partner is someone who owns a vehicle, does not drive, will find an Uber driver to drive that vehicle. So, in my case I am an Uber partner driver, I am
5 owning a fleet, I also drive. Just in explaining that, I think our [inaudible] are slightly different, based on those terms and with the circumstances, the expenses, because you will take it from an Uber driver and an Uber partner, they split the earnings between themselves, the earnings from the same vehicle between themselves, but an Uber partner driver takes all by himself. So, it is
10 quite different. I am just explaining this, because I have been asked questions before why are you not absconding from the Uber business if you think it is not working for you? Why are you not having a successful strike as a majority? Unfortunately, we are so much fragmented and our interest are slightly different. Okay, coming to the issue... oh also to explain, I am one of the first Uber drivers
15 in Joburg. I started in June 2014, so I have been with Uber almost from the beginning. I happened to be there when they started, when they were recruiting, until they matured, they established, until to date. So, I happen to know a bit. I would like to start with inconsistency of policies and mechanisms that Uber and Taxify runs under. With policies I would suggest that one has to look at the
20 inconsistency of Uber in South Africa compared to other countries. You will be shocked of the differences between Uber South Africa compared to other countries. These differences, you can't even justify, because we, Uber South Africa, if you would do a research, you would realise that we have got the newest vehicles, we have got financed vehicles, we have got this Uber partner
25 driver, whereas in other countries it is each driver per car. They don't have to

split the fares, they have got fully paid up vehicles. But our fares remain the lowest compared to these other countries. Also, just to explain something. When I joined Uber they used to have sessions where they were recruiting. So, they would share their vision and mission. They would also give you figures as to how much you are going to make. And when we asked about the price, why it was so low, they said they just wanted to establish, they invested so much into the business. So, they would make guarantees and incentives to make sure our expenses are covered and it was it. However, then they told us that the price was going to go up, they just wanted to get into the market and then the price is going to go up. I remember when we started, we had guarantees. So, you would have guarantees like if you work for an hour, if you are supposed to make maybe R150, if you don't, they will give you the money. So, if you make, let's say, R100, they will give you R50. If you don't make anything, they will give you that R150. Just a guarantee to say an hourly rate, this is our hourly rate and then you will be [inaudible]. And also weekly they used to give us R1 000. The criteria was that you would have to serve certain hours. So, there is a rating system between the rider and the driver. So, you have to maintain a certain rating and also a number of trips, so you would get that R1 000. Without informing us or anything, it dropped to R750, it also dropped to R500 and then eventually they disbanded it completely without any communication and the fares were still not increased. So, it is one of the issues that really frustrates us the most that have made it difficult for us to survive. Because most people don't understand why now, why did you join in the first place. They sold us pipeline dreams, they sold us something completely different from what they are today. Okay, there are a lot of things that have

since changed. When I started, they used to cover dispatch. So, when I am fetching a client in a dispatch of like 10 km and then I happen to take you just around the corner, if it is less than, if that trip is less than 10 kilometres, they will top it up. So, let's say I drive on a dispatch of 10 kilometres and I take you 5 kilometres, they will cover the difference to make it 10 kilometres. They since took that out without any communication. And initially, mostly, the Uber fee... so, there is an Uber fee, their commission that they take from each and every trip or each and every fare. It used to be 20% when I started, then it went up to 25% and then as if that was not enough, they added... last year they added a 4% which is between them and the rider. So, what they did is, they increased the fare for the rider, but that increment only benefitted them, not us, the drivers. So, there is that 4% that only benefitted them without us. So, another shocking thing about Uber, you know we are a service provider and mostly we depend on tips. When it comes to Uber it was initially their policy that there is no tipping. And then in other countries they were challenged, countries like Germany, France, they had to dismantle that policy, but with us it remained. So, they wouldn't allow countries to tip. And then in other countries they had to put it on an app, so when you end the trip, you as a client you get a provision in the app where you've got an option to tip. In other countries like France, it is 10% of that trip and then there is an optional option, it gives you optional amount where you can put whatever amount that you put. And then usually clients, international clients they were used to that from their countries, they would often ask why don't we have the tipping option, I tell them no we don't have, so they kept on demanding that. Only last year November they introduced the tipping option on the trip. And shockingly, when they introduced it, they gave three options,

which the first one is R2, the other one is R5, the other one is R10. Then at the bottom they put a little optional that you can't even notice. So, you can imagine, what is there for them to lose with a rider tipping me, that they would make it a policy that I can't be tipped. With the pressure from the riders then they make it

5 R2. How much difference is it going to make for me for that R2? Why can't you leave it optional, then the rider will just decide on their own how much they can tip? And mostly now the issues that we are having, with the changes that I have just explained or that I have brought forward, the business has become unsustainable for us, it is so much unsustainable. It has seen a lot of people

10 getting backlisted, their cars being repossessed, sleepless nights of driving trying to cover up. So, there is so much frustration in terms of earnings within the Uber. Then I will just explain one of the most contribution to the sustainability that is happening right now. I think it is public knowledge that the fuel has gone up and out will notice with Uber the price has remained the same.

15 And in a transport industry, fuel is the most critical aspect of the business, we depend on driving and it is fuel. But for so much, I remember, I think it used to be... how much was fuel back then? It was R11 something, I can't remember the cents, but today it has gone so much. So, if you can calculate the difference that it makes from our earnings, it is too much. But they haven't taken that into

20 consideration. And then obviously there is things like inflation, the cost of living, also those they have impacted so much into our costs. And the other thing mainly, our cars mostly in South Africa, I believe at some point you will ask for statistics from Uber to understand the dynamics, because I believe they will come up to say no, no, our drivers maybe are making so much. But I think it is

25 average, if the average drivers are making that amount, then you can accept

okay that is the amount. But if you ask for the average earnings, that is when you will realise that the business is not viable anymore. So, I also think you'll get to obtain that information as to how many cars that are fully paid. Because that is where the difference comes in. I was listening to this other clip where

5 there is a guy who was also presenting, I think, to you from Cape Town. So, he spoke from there and I was like wow, this is amazing, I am surprised. And I challenge you, which I think it is a crime to lie under oath... the gentleman lied, what he gave to the Commission cannot be true, by all means. Even though his vehicles are paid off, there is hardly an Uber driver who will make sustainable

10 earnings from eight hours. Which is why Uber has went on to put a time limit. Because for a driver that makes more money, when they say ah there are drivers... you know, there is always going to be that guy who is not going to sleep. Hence, I said, I think it is going to be important for you to obtain the statistics, because there is always going to be that guy who does these

15 earnings. But now, the catch will be, how many hours are they serving on the road and that is when you will realise, we are always on the road. If ever you want to live a normal life, you are not going to earn anything. You cannot have an eight-hour day and expect to have enough earnings. It takes you to work 12 to 15 hours to make earnings and it still comes at a cost, because you are

20 driving, you are on the road, you are eating, all those expenses, they still come to you. So, that gentleman, what he said, even though I would assume that his vehicles are paid off, but still... because that makes a difference. But like I said, there is a few people, less than 30% of vehicles in the Uber platform that are paid off. 70% of vehicles are financed and 70% of vehicles are owned by

25 partners, so are owned by someone who is not driving, they own a vehicle and

then it is driven by someone else and they have to split those earnings from that vehicle. Okay, one of the reasons that we ask that you are actually increasing from your side and not increasing from us, they said no, we want to help the service, to have the administration, so the increment is to better the administration. But I can promise you, what we've seen is just material things, better offices, bigger offices, but the service has gone terrible. The service that I had during my time when I signed up with Uber was amazing. They used to follow-up on everything. They would attend to you quickly, there were no queues. And at that time people wanted to be part of this Uber, they were just flowing in. But at the time they could still attend to us. In the evening it was 24 hours. What has since happened, they have outsourced most of their responsibility. Hence, they have increased the price, but they have outsourced their responsibility. So, a vehicle goes through a stringent screening, so does the driver, differently. So, the vehicle has to go through some screening before it is activated on the Uber platform. So, they used to inspect the vehicles by themselves, they used to train drivers by themselves, they used to test drivers by themselves. But all of those responsibilities, they have outsourced them. They have outsourced all those responsibilities and now we have to pay for all. So, you are supposed to take your vehicle to Dekra, you pay. So, there is also screening of the driver, the fingerprints, you pay. All the responsibilities are now outsourced, you still have to pay. Then coming to the services, like I have said they have gone to be horrible. So, you've got a walk-in hub which is open from like 8:00 until 16:00. And that hub there is, what they call, Uber experts. So, when you've got a certain issue, you have to go there for them to resolve. And these people only what they can help you, it is just minor things. If there is a

certain issue, a technical issue, they will just say no we are putting forward your issue then it will be resolved. Then there is a virtual service and they usually refer you to the virtual service and virtual service is operated by people who are not even in South Africa. So, you've got an issue with maybe a client or
5 whatsoever, you will be phoned by someone from the Netherlands or San Francisco. And then usually when you've got an issue with maybe pricing or a technical issue, when you write to them, they've got these copy and paste messages that are always there. So, you write, they respond to you with a copy and paste response that is totally irrelevant to your issue. Yet, they are taking
10 so much on the Uber fee, you would imagine with that 29% that they are taking that the service would be amazing, you would be attended swiftly, but that is not the case. And it happens that you can be closed, maybe a technical error happens or whatsoever, you get blocked, because Uber is just a system that operates itself. So, you get kicked out of the system, maybe it is on a Friday,
15 their offices are closed on weekends. You will wait until Monday. When they reinstate you, that's just it, they don't cater for your loss during the time you were offline, so it is just up to you. And there is nowhere you can go... when you go to their offices, the hub, they always tell you no it is not us who are taking these decisions, they are taken from overseas. And also, the
20 repercussions of being on the road 24/7, sleepless nights of driving, which is a norm with Uber drivers. And also, as well there are tax [?] that we are getting from the traditional meter taxis. So, Uber cars have become high risk, which has come at a cost to us. So, I remember I had a Chevrolet Cruze, I insured it, it was R700... I can't remember the figure, but it was just above R700. And
25 today an average Uber car pays R1 700 on insurance, just on average.

Because most of the insurance companies have since resented Uber cars and those that have remained, are charging exorbitant premiums. So, you can imagine the car that I am talking about it was in 2015, late 2015 for that amount. So, the difference, yet the price remained the same, that is an added cost that

5 has come to us, but they do not take issues like that into cognisant. Then coming to maybe recommendations that I would have as per my analysis. I think from the findings, like I said I expect that you maybe you will still do your research as to other figures, like I said with insurance, you'll still do your research to find out, which is there with Uber. Most of the information is there

10 with Uber because we have to... each and every Uber vehicle has to have an insurance. And also, an added cost that I forgot to add that comes to us, it is the passenger liability cover. So, each and every Uber vehicle has to have passenger liability cover that covers up to 5 million per passenger, so we have to pay for that. So, what you do, in your account you upload all your

15 documents. So, with Uber, if you want statistics to prove some of the provisions, they do have. So, they basically know how many cars they have that are paid off, how many cars that are financed, how many partners, how many Uber drivers. And also, with insurance, if you want to find out as to the average just to have facts, because I think mine is a fact, but it remains my

20 experience. But for you to obtain something that will not be disputable, they do have from their system. I believe you will be able to obtain those from Uber. So, based on that I think it is a mere fact that Uber and Taxify are showing imperialists signs whose agenda is just to enrich themselves at the expense of us, the operators. Therefore, I think it will be important that relevant authorities

25 with your recommendation, that Uber be regulated or there be a direct inquiry

into their operations, which will expose the exploitation that is currently happening there. Some of the ways that I would suggest it is moratorium, so whereby you have to freeze everything as it is right now, then you will be able to analyse the Uber market. Because what is happening is, they are obsessed
5 with pleasing the rider or the consumer, which unfortunately it comes at the expense of the operators, at which I think the Competition Commission, its mandate is about to balance both sides to make sure that as far as the consumer is served well, the service provider also is paid well for the services that they render, so there is no one who is taking advantage of the other. So, I
10 think you will be able also to determine those aspects. And most of all, I think the issue with us is sustainability. Like I have presented in my evidence that there has been so much changes with the expenses and costs that haven't been put to consideration, taken from the price that hasn't been increased for all this time. So, I believe... because one of the issues, if you can say maybe the
15 price goes up or just say the price goes down, Uber they will still, one of the things they don't take care of, is the balance of supply and demand. So, currently they have overflowed the market whereby there is more supply than demand, which is good for the consumer, but now it is coming at the expense of us, the operators. So, I believe if you want to make show their vision to say you
20 want to get an Uber in a minute, that is a luxury to the consumer, to the rider, and they will be able to pay for that, where the car just comes at the snap of their finger. But now, it cannot be fair that they will have 10 vehicles for three people, it comes at the cost of us, the drivers. So, I think most importantly, if you look into pricing, you have to balance the [inaudible] as per the earnings of
25 the drivers. Like currently like I said, they would bring evidence of myself where

I worked and made R8 000 a week, but now the catch is how many hours did I serve, did I use, and how many kilometres did my vehicle drive. I will also tell you something that they did. So, there is Uber X, Uber Black and Uber Van. So, Uber Black it is BMW, Mercedes Benz and Audi. These vehicles are very expensive to maintain and the outcry has been coming mostly from Uber Black. So, what they did, they just said suddenly Uber Black can now access Uber X trips. And for someone who doesn't think deep into it, they think oh I am going to be busy. So, you get trips... actually that is what they did, not what they said they are going to introduce. Suddenly, you are sitting... because myself I drive Uber Black, so I was just getting these Uber X trips. So, what they were trying to lure us into, you get busy. And mostly it happens, especially with Uber Black, because mostly it is Uber drivers. So, it will be someone's vehicle who is sitting in a corporate world, they don't really know what is happening. So, your driver is happy to be running around but that is coming at the cost, at the expense, the expense is coming to you. Because that vehicle the more it runs, the more it wears tyres, the more it wears brake pads, the more it uses fuel, the more it goes for maintenance. And note that these vehicles are financed in like five or six years and there is something that is called a balloon, meaning after six years you are still left with R100 000 to refinance, to finish it off. So, you've probably got eight years to pay these cars. And I can promise you under the current operations of Uber, it is highly impossible to pay off a vehicle from the current operations or from the current earnings. And on average, an Uber vehicle, after three years, it no longer cuts the Dekra... like remember I said it goes through a Dekra inspection. The Uber car after three years, cannot cut that Dekra inspection. It will be unfit to cut the Dekra inspection, which is something that

they are not looking into. Because recently, also if you can note it down, they are running an operation where they are, so they realised most of the guys were bypassing Dekra, you know, bribery and all that for their vehicles to make it through Dekra, so they are running an operation, which is the reason guys are trying so hard to limit their expenses, they are trying so hard to keep their vehicles. So, in my experience I had to trade in my car just in February, I traded in my car, because the car was giving me problems. I could not afford it. I had it only for more than a year. So, you can imagine, I bought the car, it had 43 000 km, I had driven it just in that one year, it was 127 000. So, you can see the mileage that it covers. So, like I say, I challenge you, there is no Uber car that can be paid off while it is still on the road. So, this is going to be a vicious cycle whereby you will keep trading in until you can't. Because remember, let me give you an example with my car that I traded in. So, when I traded in, they bought it, the settlement was R256 000, so the garage could only take it for R155 000, so I was left with a shortfall of R104 000, so that shortfall they put it on my new car. So, it is highly impossible for me to trade in this car that I currently have. But I can promise you, this car, I have had it for those months, it is on 31 000 right now, 31 000 km, very soon it is going to be on 100 000 km. And that vehicle, two or three years down the line, it is not going to cut through the Uber inspection or it is no longer going to be roadworthy, let me put it that way, it is not going to be roadworthy. Because the Uber inspection, there is nothing extra ordinary with it. They just check the tyres, the windows, everything, that the car is fit to be on the road. So, already there is people that have been repossessed, there is people that are garnished, there is people that are blacklisted because of this business. It is unfortunate that Uber comes at a

time where there is so much unemployment, people are just looking for something to make extra cash, others they are jobless, hence the desperation into getting into Uber. So, in my case you can ask me then why can't we leave Uber. Unfortunately, I am stuck. If there was a way I would be rescued out, I
5 would be out of the Uber business. I can challenge you, if the government or anyone puts a relief program to say, all the Uber partners that want to be paid their shortfall, because when you return a car to the bank, they are just going to say okay, we are taking it back, but we evaluated this car is worth 50 000 and you still owe us 100 000, so you have to pay that shortfall, you can't, so you will
10 remain with the car. So, I can promise you, if you can put a dummy to say there is a relief program for Uber partners who want to return their cars and their shortfall will be paid off, you would be amazed by how many people just want out of the Uber business. People are stuck. And that is where the difference comes in. Like I say there is a driver he just drives someone else's car. And
15 remember a driver is paid by commission or they pay a vehicle fee. They don't hold any binding investment or risk, they don't take any responsibility with servicing the car and all that. So, they drive Mr Mothibi's car. If Mr Mothibi cannot maintain it anymore, Mr Sibanda here has got his car, they move to his car. So, even if they want to give up, they don't have binding investment with
20 Uber. But mostly Uber partner drivers and Uber partners are stuck in this business, so much stuck. So, it is quite important that Uber be regulated, the pricing be regulated. And when we say regulated, I think I do not say you should have a colluded price, but rather maybe a best fare where to say as per the circumstances, you can only charge this amount. Because if you check
25 from the meter taxis, they do have a best fare. But Uber has just come, they do

whatever price, Taxify they do whatever price. I can promise you, to my knowledge currently, there is like 12 other e-hailing companies that I know. The only way for them to make it, they will invest while you enter, thereafter they take all these incentives out, you are stuck with them again. So, there is still
5 competition that will force them to still decrease these prices. Hence it is important that there be a best fare. And also, there has to be a follow-up, I think it will be better if there is a follow-up to say an average driver should make so much. Because the other catch that Uber has, from R1 000, they take R290. So, if I make R1 000 they will get R290. But if that R1 000 [inaudible] all of us
10 divided, they will still get their R290, but all of us will have to share from that thousand bucks. So, it is also something that I think I will suggest, and... Okay, and also the, like if you know with the meter taxis, so the Department of Transport has got a structure which is the meter taxi council, BMTC. So, BMTC is the one that liaises with government and all the stakeholders, including the
15 operators, the meter taxis. So, whenever there is something, the pricing or whatsoever, they engage with BMTC. With us, with Uber there is no structure and hence one of the reasons why it is difficult for Uber to talk from one voice. Like I say, it is the difference between the Uber driver, Uber partner driver, Uber partner. Then also there is no assembly point, you operate from wherever you
20 are, so we can't even speak from one voice. There is no proper structure. Even hence the reason why the government doesn't understand so much. So, we have been engaging like Community of Safety, Department of Transport, the Legislature. And every time when we go there, you realise how much they don't have a clue as to what is happening with an Uber business, which is the reason,
25 because the reason why is because there is no structure that they can obtain

information from. And Uber has got a tendency of [inaudible] its people that pretend to be drivers. So, you will be told with legislature that no, we did have Uber guys here. So, what they do, they come here and pretend to be an Uber partner driver like myself. They mislead you with information, with things that are not there. Because the Competition Commission didn't know where to get us, they will go to Uber, Uber they masqueraed as operators. Uber, they serve their interest as the app company, not the drivers, hence they have managed to get away with so much. If you look at how much the difference have come to... like I explained, if there was a structure, if there was sort of like a governing body or a watchdog, it would not have come to this extent. But they always [inaudible] their people that will masqueraed as Uber operators, then they mislead whosoever is concerned with what is happening. So, they always, when we present people are shocked to realise oh really. They don't understand what is really going on. So, I think also it is another suggestion that the Department of Transport is looking into that structure, I think it is something that you can also maybe motivate or look into, because I think it would be relevant that there be a structure that will liaise between the Uber operators and the app companies and the government. Thank you.

CHAIRPERSON: Thank you, Mr Mnguni. Mr Sibanda and Mr Mothibi, is there anything that you would like to add to the presentation?

MR MOTHIBI: Ja. I am Samuel Mothibi. So, many things my colleague have said, but I am coming from a meter taxi, I was in a meter taxi for 13 years before Uber come. But because of our government, they convinced us to go to join Uber. We had a lot of meetings with Uber where they promised us green pasture, whereby they were telling you, you are going to make R8 500 a week.

I have got a car, I was having a car which I have been given by government when they empower us, from there I sell that car so that I can get a new car to join Uber. So, in the meantime life is bad since I have joined Uber and there is nowhere I can go. Even my children, it is hard. So, I think this Uber, there is
5 somebody here at government who is getting a brown envelope, because it was not supposed to be like this what Uber is doing for us. So, joining Uber, I was expecting as they promised I will be a businessman whereby I will have more cars when I am in this platform, but that has never happened. Since I have started, I have got three years at Uber. For the first year it was good, I was
10 making that R8 500. But that R8 500 I was working more hours, maybe 12 to 16 hours. And on that time, there was no time even to go to toilet, because when you want to go to toilet, somebody is requesting you. So, when you want to go to toilet, you must switch off the app, because there were lots of customers... I am sure the cars were not so many like the way they are now.
15 So, what is happening now, Uber have... they have brought many cars on the platform and Taxify also. And if you can look on our government, they do not care about that, because if you can look, those cars they don't have payments. Most on Taxify there is nothing at all. You can go there and go and join. As a Competition Commission, I am suggesting if someone from you can go to Taxify
20 with his car and go and join and see that those people are there following the law of National Transportation Act or they are just making the money. Because really what is happening, these guys they are looting money from the poor, hence we are suffering like this. So, my recommendation is that, which I suggest, when I was in a meter taxi in 2010 their price have been regulated.
25 So, I think the government must do something to regulate Uber. Because if you

can look now, there is a lot of these app companies, which they call app companies. I don't know whether they are app or they are association or they are what, we can't understand what they are. And which constitution is guiding them, these companies? Because a meter taxi, there is a constitution. So, we
5 can't understand what is going on. And even the government it just keep quiet, it doesn't look on that. So, I think the price must be regulated, because this is a serious problem. Our people have died, a lot of people, Uber drivers, they have been attacked because of this problem. And what I am telling you is going back to the minibus, they are going to attack us. Because if I can do an example, I
10 don't know whether do you know Joburg, there is a place that is called, I can say maybe from UJ to Braamfontein, a minibus is costing R10. So, what the school children do, if they go to that minibus, they find out that that minibus, there is not a lot of people that is coming, maybe they are four, they go out from that minibus, they stand there, they request Uber. And for Uber it will take
15 them, it split the trip, it will take them where they are going, straight at their door. And when they take them there, they are going to pay R20, whereby in a combi they were supposed to pay R40. So, for that R20 which means they share R5, R5, R5. So, which is going to be a very dangerous situation, even though you can't see it, but it is still coming. So, another thing, if you can look this app
20 company, I don't know, because they do not follow the law. Most of them they do not have permits. So, I don't know what is happening, what the government has said, a car which can operate without a permit, and there is a lot of cars in the platforms without permits. So, I think the government, when I started in this industry, before... I can say before this new government, the old government it
25 was very strict. On the meter tax, they checked the meter always. Your meter

is sealed, everything in your car. But in this government, there is nothing that they do. So, we don't know where we are going to. And a painful thing, on this Uber we don't have a voice. If you can talk, like now maybe we will be deactivated as we have come here, maybe tomorrow we will be out and
5 nowhere where we can go. And when they deactivate you, they don't care about your car, they don't care where you are going. So, just imagine I am coming from the meter taxi when I am coming here and I can't go back to meter taxi, because there is no more business there. They have occupied all the spaces. So, I think as government, let us hope they will try to regulate Uber and
10 Taxify and those other e-hailing which are coming. Because you can imagine if somebody... in the meantime now Uber is R20 per trip, the other company when they come they will say R10 and the other one when they come they will say R5. So, it favours you as consumer, like people who are on top. This thing it doesn't benefit poor black people, it benefits the top people. Because my
15 mother she can't, she doesn't know how to order Uber. At location it is fewer people who are taking Uber. And mostly Uber is benefitting the higher people. An example of that thing that he has talked, about this thing whereby you take your cars to Dekra. Do you know, it is painful? Always, every year when it finish, I take my car to this traffic department whereby they do a COF, every
20 year. But instead when I am coming with that disk, Uber will say you must go to Dekra and at Dekra I am going to pay money also. So, can you see... which means Uber is getting something from Dekra, from me. Another thing which was painful for me, I was coming from doing a PDP. When you take a PDP they take your fingerprints, everything. But when you come back, when you
25 submit that PDP, they will say go to do fingerprints. On the other company

which they have appointed and on that company you are going to pay. So, there is this thing of, this company like [inaudible] and Westbank, Uber is exploiting people or drivers about those companies, whereby I don't know why the government is allowing that company to be a meter taxi, hence they have
5 got a shuttler [?] permit. So, if you are a driver, if you want to get a car, they will send you to [inaudible] and to [inaudible] you are going to pay plus 2.5 to up every week. So, just imagine a person if you are paying an instalment of a car more than R10 000 every week. Because that car, even if you take your children to the hospital, for that kilometres, it count, you must pay for it. So,
10 how can they say they are empowering people about that, whereby a person... I don't know whether even people, like you, who are on the government, you can pay an instalment of R15 000 for a car which is costing 200 and something, whereby you can pay R15 000 a month. Is that reasonable? It is not exploitation whereby they are gaining because of us? So, I think Uber it have
15 exploited us a lot. Thank you.

CHAIRPERSON: Thank you, Mr Mothibi. Mr Sibanda, if in your submission you could cover new issues instead of the issues which have already been covered by Mr Mnguni and Mr Mothibi. If you can just avoid duplication.

MR SIBANDA: Yes, I would like to thank the opportunity. Yes, my colleague
20 have actually almost covered everything and ja, basically what I would say is, yes, we came here to inform you about the situations that we are facing outside and we are hoping everything that we raised will be taken seriously. And here this is the only place where we think and where we know that everything that we are complaining about, we know this is the right place where we can raise our
25 concerns. And, like as the gentlemen have said, we are being exploited. The

Uber says we are partners with them, but we don't have any say. So, I don't really understand how can someone say you are a partner but he just tells you everything to do. And at the same time they are saying we are not the employees, whilst they are the ones telling us how we should operate. So, in

5 short, my main suggestion I will say is, if you guys can assist more in terms of saying we form a structure to represent us as partners in a way that in every decision that they are making, they don't have to approach any individuals. Like the way they say, they send the SMSes, then you respond to that SMS. If you respond, the way they want, almost all of us, almost 10 000 of us, even if we

10 respond and we say we don't want this, if that does not go along with them, they are not going to take it. I won't even know what he said. So, in a way that if they have to make any decision that concerns us, after the structure has been formed, before everything has been passed, it has to pass through us. And my last suggestion will be, I believe they say if you can't beat them, join them. And

15 if you don't have your own plans of surviving, you have to copy from someone. As the government, we have seen that, because this was a one-man idea who came with the Uber, they have shown us that there is something like this. Uber in South Africa, it is a foreign country, if they can't respect the local people and they are treating us the way they are doing, why the government, why don't we

20 chase them out of the country, then we have got lots of people that do IT, then we develop our own app here, then we continue surviving. Because they came here investing, they came here as people that they are coming here to assist with the unemployment, but instead they are not doing like that. They are now acting as if us we are the foreigners and they are the ones that are owning here,

25 because at the end of the day if they are taking, as the gentleman was

explaining, if they take 29% over R1 000 and I still have got the expenses to cover for the vehicle, then at the end of the day, they are the ones that are gaining, in a way that it has to be 50/50. So, by that, I am not going to go any further. Those are my suggestions, because I think those are the main two
5 things that I have.

CHAIRPERSON: Thank you, Mr Sibanda. Mr Ngobeni.

MR NGOBENI: Thank you Chair and good afternoon Mr Mothibi, Mr Mnguni and Mr Sibanda. I think maybe let's just explore a few of your recommendations that you've put forward, because I think maybe that is what we, you know, I just
10 want to try and understand what you are actually suggesting. The concerns are valid and I am not going to repeat the concerns. But what I wanted to find out firstly is, Mr Mnguni, you are proposing that prices be regulated and you then cautioned that without collusion taking place. And you also spoke about a relief program that may be implemented as part of the solution. We heard yesterday
15 from some of your colleagues, and in this case we heard from the Public Private Transport Association. And what they were recommending is that maybe what then needs to be done is to reduce the app company's commission to 7.5 and also a 24-month relief program, as you suggest, you are suggesting a relief program. Just to get your views, would that be something that the industry or
20 some of your colleagues may be willing to explore as something, you know, to be done?

MR MNGUNI: Ja, I think it is a good idea. But the other thing that we should note is, as much as they can lower the price, but we still need to make sure that they balance the supply and demand. Because what is going to happen, if they
25 lower the price but they put more vehicles, there is more supply than demand.

So, it means even the fares are low, now I am going to get few trips, because there is more of us. So, I think if something like that is implemented, we will still have to rely on the statistics on average to say, are the earnings sustainable. So, meaning, let's see on average, are the drivers breaking even? If the
5 drivers are, then we know that the supply and demand has balanced. Because I am afraid that we might have them [inaudible] but then they still flood the market. So, as much as... and with that one, I still suggest they are taking too much. And also like I said, I hope you will still do your research compared to other countries. They are taking 29%, in other countries they are taking as little
10 as 10%, as little as 15%, it is only here that they are taking so much. But it is only here that we re having terrible service. Like I said, the other thing, I don't know maybe with the policies... something that I forgot to mention that you may have to look at, is it possible for them to have people that are running... Like I said, the virtual, so when you are having an issue, you are responded by
15 someone who is either in Netherlands or that side, not by people who are here. But when you look at it, it says Uber South Africa, it doesn't say Uber San Francisco or Uber... So, I think that is something also that I would recommend be looked at.

MR NGOBENI: Thank you for anticipating my next question, because you are
20 saying if that were to be the case, if a relief program were to be introduced and if the commission were to be reduced, then you would advocate for a moratorium.

MR MNGUNI: Yes.

MR NGOBENI: ere, you know, government and municipalities would then have
25 to look at the regulation of permits.

MR MNGUNI: Yes.

MR NGOBENI: Now with that, I just wanted to find out, I mean we heard yesterday that apparently what is happening is that, you know, drivers are, despite the fact that they are still waiting for operating licenses, they are
5 encouraged by Uber – and this is the evidence that we got yesterday – to still operate, despite the fact that their licenses are not approved, so with the receipt that they get from the planning authorities, sorry, from the municipalities and the [inaudible].

MR MNGUNI: Yes.

10 **MR NGOBENI:** Drivers are still encouraged to still operate. Will that be something that you are aware of as players in the industry?

MR MNGUNI: Yes. I think also Mr Mothibi touched very much on that one. He will maybe have to talk further. Because one of the reasons why we've got the permits, the permits is to analyse the market. So, when they issue the permit, it
15 goes through the municipality whereby they analyse the area to say okay, in Mafikeng if we can have 50 minibus taxis based on the demand, it will be sustainable. But with Uber... so, what they are doing, they are just taking as many vehicles as possible. Which is one of the reasons why there is no bargaining power. So, with moratorium or with permits, if that was the case,
20 there will be bargaining power. So, if you were to, like I say, to draw the statistics, you will be amazed on daily basis how many Uber drivers are being onboarded. So, if today like I am here, tomorrow they just deactivate me, they've got someone who is coming in. So, they've got, hence they've got more supply than demand, so they know 500 disgruntled drivers are crying out loud,
25 they just take you out and they've got enough. So, hence even you've seen

recently with the strikes, so they will try and deny and all that, because they know that on the ground they still having so many people who are coming and if they block all of you, they will have many people coming in. So, I think, ja, that will work.

5 **MR NGOBENI:** In the minibus taxi industry, we understand that what normally happens is that when applications are filed with the PRE [?] for operating licenses, they are advertised.

MR MNGUNI: Yes.

MR NGOBENI: How does it work in the meter taxi and e-hailing services? Do
10 they also get advertised and are members of the public and operators given an opportunity to object before those operating licences are issued or permits are issued?

MR MNGUNI: I will leave Mr Mothibi for the meter taxis. But for Uber and Taxify there is no, like I said, there is no closure. We don't know, even the
15 statistics that I am bringing forward, it is an analysis. They will not give you any information regarding that.

MR MOTHIBI: Thank you. According to the law, the municipality is the one which determines the permits, how many permits they must take out on all these places. So, now the problem which have happened, our government has
20 given Uber more power, because they've got their own office whereby the people they go to apply for permits. If you come for your car, you apply the permitted Uber, it doesn't go to DOT. So, and on that receipt it states clearly that you are not allowed to operate, because it can happen, they can reject that permit because of certain circumstances. So, but Uber it falls, as long as they
25 give them permission to make those permit, when you come they just apply for

you a receipt and you are on the road, apply the receipt, you are on the road. Okay, I can say Uber is better than Taxify. On Taxify they don't care about receipt or permit. As long as you've got a car, you take it to Dekra, therefore you are on the road. So, that is the problem.

5 **MR NGOBENI:** Yes, so what I wanted to find out is whether the municipality does advertise those applications. Are you aware of any of the applications that are being considered by the municipality or the PRE?

MR MOTHIBI: No, since I have been in this industry, I never see when the municipality advertises. Because I think my first permit, I applied it, it took two
10 years to come out. So, always I was just going there at DOT, they just say okay it is in the process. After that they will tell you it is in the board, after that they will tell you it is at municipality and from there it comes out. So, about advertisement, I have never heard about that since I have been in this industry.

MR NGOBENI: And Mr Mnguni, you mentioned your engagements with the
15 Department of Transport and you are suggesting that a structure be created to assist the operators. When was this engagement and, you know, what has been the outcome of those discussions. I think you are suggesting that a structure like an e-hailing council be created.

MR MNGUNI: Yes. I think we had three or four meetings... four meetings, with
20 the DOT since last year. So, from the DOT... so, we've changed from representative to representor, but eventually we were dealing with the director, Mr Dlamini, which he was on leave recently. When he came back, he said they are busy, because there were issues with commuter taxis, like with the violence going on. But they are still looking into that. So, hence I brought it here, I am
25 hoping for motivation, if you look into it... based on the findings, I am sure you

would realise that the... So, it is more like we are running like headless chickens. Even the government itself, even him, Mr Dlamini, they were not aware. So, they are the Department, but they were not aware of many things that were happening on the ground with Uber. But, if there was a structure, a council, I believe it would have been better. And like I said, even yourselves, we only realised later that oh there is the Competition Commission that is currently happening. And only to realise after you had passed in Gauteng. But I think if there was a structure, because the people that I was engaging, they said we didn't know where to find you. We had people that were from Uber, you know. So, it has happened a lot. Even Mr Dlamini, they were like, we have got people that we have been dealing with and those people are not operators, so they are only serving the interest of Uber instead of... So, I think a structure as critical as this moment... Because one of the things, if we were employees, we would be able to join unions. We have also engaged unions, but we don't cut the... they say the 10-point format of being an employee, we don't cut that. So, it is difficult for them to let us join and represent us. So, hence a structure would be much more viable at this moment, because it will be able to relay the issues in a much more constructive and informative way compared to other means.

20 **MR NGOBENI:** And, Mr Mothibi, you mentioned, just to get an understanding, the R8 500 that you mentioned being what an average operator could make, you said that is in a week after having driven 12 to 18 hours, was it weekly, did you say weekly or a daily rate? That is the first part of the question. And the second part of the question is, whether this is, you know, before the market was
25 flooded or at the beginning when you started your operations.

MR MOTHIBI: Ja, I mentioned R8 500 that was what they were promising us when they advertised, even we were told that you are going to make R8 500. As my colleague said ...intervened.

MR NGOBENI: Sorry, before you, was that per day or weekly?

5 **MR MOTHIBI:** It was a week.

MR NGOBENI: And it is what was advertised to you by...

MR MOTHIBI: By Uber.

MR NGOBENI: By Uber, okay.

MR MOTHIBI: So, at that moment it was easy to make it, because there was
10 money which they top up. Like my colleague has said, if you can't make this amount, they top up by this amount. So, they were just calling people that you must come in on that moment. So, as I said, when I am starting, even to pay instalment, it was not so hard. A week, if it was month-end only, I know I can make money which I can make instalment, even though I would be working
15 harder, maybe 12 hours to 16 hours, but I was hoping that at a month-end I would make it. So, because there were also initiatives where they gave us that if you make so much trips they will give you so much, if you don't make so much, they will add... Like what they have said, if you can't make R150, they can add R50 if you make R100 and if you make R50, they will add R100 so that
20 you can make R150. So, it is how they were working. But after that they take all those things, but there are no more topping up, it is whereby we start struggling and it is whereby they overflowed the market. Because they were knowing that now they are alright, the market is overflowed, so they've got no problem, they take everything out. Like airtime they have taken it out. We were
25 phoning free of charge, but after that, they take it out.

MR NGOBENI: And with the removal of all of those, what is an average operator making?

MR MOTHIBI: In the meantime, I am telling you, if you can make R5 000, you have to work hard.

5 **MR NGOBENI:** Okay. And Mr Mnguni, you mentioned the issue of corruption. I just want to understand how, because you mentioned in other instances there are other operators who are charged less than the, you mentioned 20% which is the commission.

MR MNGUNI: Yes.

10 **MR NGOBENI:** You know, that this app based companies charge. How do you know that? Are there operators instead of being charged the maximum that others and the rest of the industry is being charged, are there operators who are charged less than that and what would be the reason for that?

MR MNGUNI: The reason is, so, like I said, there are people who will
15 mascaared as Uber operators presenting Uber operators' interest, but they are in the pockets of Uber. So, there are people they are working with. So, if you ask now for someone to give a testimonial or something, they will have a guy that will come. But like I said, I will challenge you to look into the earnings of mister, it was Rewazane [?] or something, because I listened to the clip very
20 careful. I think it was from Cape Town. So, if you are to say can we see, like you say, let's see those earnings that you are mentioning. If he is making them, he is not, they are taking less than the 25% that some of us, they are taking from us. So, they've got people that they are in their pockets and those people have it much more easier. And then the other corruption is they will tell you that
25 they are no longer taking vehicles, but you will see vehicles being onboarded.

When they are saying no, no we are not talking any vehicles, but they will still have vehicles on boarded. So, I think it is something that you can always obtain if you ask for the statistics to say, can we see are all the Uber operators paying that Uber fee of 25%. Because that one, I can promise you, you will figure out
5 that there are guys that are paying less on that. And then there are other things, other business practices that are not okay. So, what they did is, they introduced upfront pricing. I don't know how I forgot that one, because it is critical. So, initially the fares were determined by distance and time. So, it was a combination of distance and time. However, early last year, was it early last
10 year... they introduced the upfront pricing. So, what happens with the upfront pricing, as soon as I put my pick-up location and destination, it then estimates the fare. So, if it estimates from, let's say from here to the mall then it says 100 bucks. So, if you decide to pass by the garage or pick up a friend along the way to the mall, the price will remain the same. So, it does not cater for the time and
15 the distance that has been added. So, the expense comes to us, which is another expense that is being added. And this happens mostly in trips whereby you pick someone from the airport and then they would prefer, especially internationals, they don't like the back routes. So, let's say if you are familiar with Joburg, I would say you pick someone from the airport, then they are going
20 to Melrose's Arch. So, sometimes the route will suggest that you go through Albertina Sisulu, then you go part of Observatory through Houghton and then Melrose or Rosebank. Or the other one, if you are going from the airport going to Kyalami it would go via Tembisa, so there is a route. So, when it estimates, it will estimate best and shortest route. But there is n client that is interested. So,
25 the international clients, they don't want to go via Tembisa, they will tell you take

the highway. And also, the stops and goes, they are not comfortable, they will always say, take the highway please. Then when you take the highway, it comes at your expense. So, initially the trip was like 15 km based on that route that it estimated, now you are having 15 more kilometres, it is not going to cater
5 for those. And when you write to them, it is like they've got a mandate to vindicate you and push you away, not to compensate you for that one. So, the upfront pricing. And then there is another thing which they call remerging. So, when you drop off at the airport, you get a chance to be remerged. So, basically how Uber works is, when you request right now, your request goes to
10 the closest vehicle. So, if the closest vehicle, it will go to him, if he doesn't take your request, if he rejects it, it jumps, until she takes it. So, your request always goes to the closest vehicle, that is how it works. But now with that one at the airport, so at the airport we've got a waiting lot, a holding area. So, at the airport it doesn't work by the closest car, it works by the queue. So, you go into
15 the holding area, when you go into the holding area you wait in the queue until your turn comes and then you get your request, you get your trip. But they introduced something that is called remerging. So, he can make a pickup somewhere in Melrose Arch, drop at the airport, get a loop. I can pick up somewhere in Edenvale, drop at the airport, not get a loop. So, that remerging
20 is not guaranteed. That is where the remerging, so there are a couple of guys that are lined up for those kinds of trips. To notify you how it works, so there is like where they say it is Uber VIP, so like there are guys who have got great ratings. So, if you are a rider who uses Uber often, so when you request, your request doesn't go to any guy, it goes to the best driver. So, that is how the
25 system, they are able to line up their people with more trips. And if you do your

research, you will see how much they have got an interdict with those kinds of things. And recently what they have done is, because their app always had issues where they infringe with other apps and with information. So, now they have got an extended outfit on their app. So, when you download the app, the
5 previous app, which is on app store and PlayStore and IStore, it migrates to this new app. That new app is not there on PlayStore, it is not there on IStore. When you look for it on Istore, they tell you that this app is not regulated, therefore it is not there on the IStore. And that app, they used to infringe on drivers, so they are able to sabotage a driver with their app. So that app, they
10 can program it to freeze that you don't get trips or that you are more accessible to trips. So, that app is not regulated. So, they have always had issues in other countries. Unfortunately, on this side, they are getting easy with it.

MR NGOBENI: Thank you, Chair.

CHAIRPERSON: Mr Lesufu.

15 **MR LESOFE:** I have no questions, Chair.

CHAIRPERSON: Ms Nontombana.

MS NONTOMBANA: Thank you, Chair. I just have one question. Can you explain maybe briefly the licensing process and the involvement of Uber in terms of assisting you to get operating license or permits, whatever you are
20 currently using.

CHAIRPERSON: And what are you using? Maybe if we can be much more clear. Are you using taxi meter licenses, charter licenses?

MR MNGUNI: I will be able to answer that one because I started in the beginning. So, in the beginning with Uber we were getting charter licenses.
25 Then I think along the way the meter taxis interdicted or something like that.

Then they said no, we are no longer issuing charger licenses, people have to convert to meter taxi licenses. So, now when you apply, you apply for a meter taxi. So, what they will do is, they will give you a reference letter and other forms. Those are the forms that you go and submit at the department with your
5 tax clearance, your ID, proof of residence, the car papers and ja. Then you go and submit at the Department of Transport and you pay, then you get a receipt. And the receipt is written, you are not allowed to operate with this receipt. But somehow, I think I would understand, because if today you were to say only those that are having permits can operate the Uber, you have 70% of Uber
10 drivers off the road. So, I think you will figure that one if you obtain the statistics as per how many drivers do have the permits at hand right now. So, as soon as it is like that, it is not operational. The Uber system or... with Taxify they don't care whether you have a receipt or anything, they just enrol you, they don't check so much. But with Uber I think it will shut down. So, I think the
15 government, because there was an issue where they were impounding cars. So, there are our colleagues that went on to negotiate. So, they provided some leniency. Because it is also... the other excuse that they will tell you other than your permit is on the process, they will tell you that they have got a backlog, they've got an issue with their systems, they cannot analyse and all that. So,
20 then there were guys that interdicted that impounding of cars and then they had to be lenient. And also, I think they are looking at that, there will be thousands of people who will be jobless in the aftermath of rejecting cars that don't have permits.

MS NONTOMBANA: Okay, my last question I think, does Uber assist or Taxify on impounded vehicles or have they assisted since 2014, are you aware of that?

MR MNGUNI: Yes, they do. So, if your vehicle gets impounded, you have to
5 pay for it, then you submit your receipt to them, then they will refund you the money that you paid. But unfortunately, mostly when your vehicle is impounded, it takes time, because it goes to the depot where they impound it and you don't even pay it there. So, it takes time to take it out, so you lose so much on the earnings. But they do pay that one.

10 **CHAIRPERSON:** Thank you very much, Mr Sibanda, Mr Mnguni and Mr Mothibi for your time and for your presentation. We will certainly take up the issues that you have raised with Uber and the relevant stakeholders. Thank you very much. You are excused.

MR MNGUNI: Thank you for the opportunity.

15 **CHAIRPERSON:** We will now take a presentation from SANCU, if they are here. Afternoon, ma'am, and welcome. Thank you very much for coming. There is a piece of paper in front of you. You may take the oath or the affirmation.

MS MOETI: I, Molamitsi Moeti [spelling], solemnly affirm that the evidence that
20 I shall give, shall be the truth, the whole truth and nothing but the truth.

CHAIRPERSON: Thank you, Ms. Moeti. If you could just start by introducing your organisation, as well as the position that you hold within the organisation and then you can take us through your submission, that will be followed by questions from our side.

MS MOETI: Thank you, Program Director. I am from SANCU. It is a people's organisation that deals with all issues that have to be dealt with collectively, especially service delivery [vernac].

CHAIRPERSON: Can we have a translation...

5 **MS MOETI:** Thank you.

CHAIRPERSON: For the...

INTERPRETER: In short, we call ourselves an organisation for the people.

MS MOETI: I, Molamitsi Moeti, am a PEC member, additional member. Our secretary is supposed to be here, but unfortunately, he had some other work-related reasons not to be here, thus I had to be here for him. In the morning when you read the rules, I realised that 99.9% of what we have put together is what should be written objections. So, for that reason I feel that we would rather go and give our members to object in writing and come and present. However, over and above that, I think it is very important to state that there is no communication with the commuters. Communication from transport providers, from government and I don't think all the service providers know who they are servicing. Even when they are making the presentations, when you listen to how they answer the questions, they don't know that a bus user is not a taxi user and a taxi user is not a bus user, they don't meet the same needs. It is very important that they get to know who they are servicing. Because if you are saying you are facing off a taxi, you should be knowing that you leave somebody stranded. I cannot say to a bus, deliver me, you see, put me at the gate. At the same time when you talk to communication, that there is a lack of communication, in cases of price hikes, in cases of consultation, the commuter is not thoroughly consulted when making their decisions. If you go around the

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Rustenburg area where they were rezoning, people were not really consulted. You affect the business that is being used by a certain user that you don't know whether that person will be comfortable using the bus. You must know that how the busses are structures, some of the busses are structured, if you are a
5 woman or an elderly person, just getting onto that bus is a problem for you, so it is a matter of comfort that you go to the taxi. As much as if a taxi is overcrowding you, you would rather have an Uber transporting you or Taxify. You know, they don't meet the same needs, they are far from servicing the same person. So, those things should be taken into cognisance as to who are
10 we servicing. Now, the other times when there are problems of communication is when there are disruptions. When there are disruptions like strikes, commuters are not really consulted and they are frustrated. And after being frustrated, at the end of the strike you must go and trust the very service provider, but you don't have a choice, you have to go to work, life has to go on. So, it is such things that need to be looked into. We know that there are
15 [vernac].

INTERPRETER: There are issues or matters when combined, they are the causes of prices escalating. Now the problem is, when prices escalate, the users, which are the commuters, are not consulted or communicated to.

20 **MS MOETI:** [Vernac].

INTERPRETER: Another concern is of the hiking spots. It is an ongoing problem because there is violence that is ongoing in those areas. Now, the bus industry, the taxi industry, as well as the government, we can see that it is failing to meet the demands of such people. Now this on its own, the hiking
25 spot, it is a market on its own. And now in a collective the busses, the taxis, the

government, should see the ways and means of meeting the demands of such persons.

MS MOETI: [Vernac].

INTERPRETER: Another thing is relating to the economy, considering
5 especially the taxi industry that the taxi industry is for the people. It places an
income both to the owner and the driver. Now, the problem is with this 12 year
facing out period, that it might cause difficulties, especially for the commuters,
because they cannot afford the prices. And also, this facing out, this 12-year
facing out program can also affect those who are employed in the taxi industry,
10 such as the taxi drivers, because it might affect their employment. And once
there is unemployment, already there is a problem with unemployment. Now,
once there is an increase in the unemployment, it might affect the economy.

MS MOETI: [Vernac].

INTERPRETER: Another issue of concern, it is the licensing. A lot of people
15 did not get licenses before the moratorium kicked in. Now, the problem it is that
with this moratorium, since it kicked in, there is no communications to those
who have applied for licenses. And if one has applied for a license round about
2014/2015, some of them they still haven't received any communication, they
still have not received any license, because of this moratorium, so it is a huge
20 problem.

MS MOETI: [Vernac].

INTERPRETER: Another matter is relating to the operational subsidy. It is very
important, because where busses are unable to go, that is where taxis go and
they help the people, especially the poorest of the poor. Now, it is important
25 that we respect this subsidy, so that there can be balance, so that those who

are poor, can be able to be lifted up or be helped in order to relief them from poverty.

MS MOETI: Having said that, I have realised and concluded that most of the submissions would need written objections and those will be done as quickly as possible and submitted.

CHAIRPERSON: Ja, thank you very much, [vernac], Ms. Moeti. Mr Ngobeni? Mr Lesofe?

MR LESOFE: Thank you, Chair, we'll await the written submission.

CHAIRPERSON: Ms. Nontombani. Ja, just some clarification issues from my side, Ms. Moeti, based on your oral submission, two issues that I just need to clarify. When you earlier referred to the rezoning and the lack of consultation in the rezoning, were you referring to the rezoning that had to be done by the Rustenburg Local Municipality ...intervened.

MS MOETI: Yes.

CHAIRPERSON: As part of the BRT project in that municipality.

MS MOETI: Yes, I was referring to the Rustenburg one.

CHAIRPERSON: And then when you referred to the 12 year period, you were referring to the contract between the vehicle operating company for the BRT project in Rustenburg and the Local Municipality in Rustenburg.

MS MOETI: Yes, I was referring to that.

CHAIRPERSON: Alright, thank you. Thank you very much for your oral submission. We will await the written submissions from yourself, but thank you very much for coming, as well as for your time.

MS MOETI: Thank you very much.

CHAIRPERSON: You are excused. That concludes the public hearings in this province, which started yesterday. And the next round of public hearings will be in the Eastern Cape Province in Port Elizabeth starting from the 13th up to the 14th of August. We would like to thank everybody who has assisted us in this
5 province through the various submissions that we have received. Thank you very much. So, this will conclude today's session.

END OF SESSION 3