

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

[●]

TUESDAY 11th JULY 2018

VENUE:

(MBOMBELA CIVIC CENTRE, MPUMALANGA)

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10 **SESSION 1**

CHAIRPERSON: Today is the 11th July 2018. This is the 13th day of the Public Enquiry Hearings which started in Johannesburg.

I would like to welcome everybody to these hearings. My name is Bukhosibakhe Majenge. I am the Chief Legal Counsel at the Competition
15 Commission and I will be chairing the panel. I am joined by two panel members. On my right I am joined by Ms Nompucuko Nontombana who is the Divisional Manager of the Market Contact Division of the Competition Commission. She is also an economist based at the Competition Commission. On my left I am joined Mr Thulane Mandiriza who is also from
20 the Competition Commission who is joining the panel in his capacity as the Head of the Enquiries Technical Team. He is also an Economist. On my extreme left I am joined by two Evidence Leaders, Mr Jabulani Ngobeni and Itumeleng Lesofe who are both lawyers based at the Competition Commission.

25 The evidence lead us together with the Commission's Team of lawyers and economists who will be assisting the panel in soliciting evidence for the enquiry.

Before we proceed with today's session, I will just like to recap the rules that will be applicable to the hearing.

30 The first one is that the formal sitting of the enquiry will be open to the public at all times except when the Chairperson rules that part of the proceedings

10 will be closed on grounds related to confidentiality or for any other reason deemed justifiable in terms of the Competition Act.

Secondly, all sessions will be recorded and will be streamed live on U-tube save for those sessions or parts of the sessions that may be closed. In order to allow for a proper ventilation of the issues, the Chairperson and the panel
15 members as well as the evidence leaders may pose questions to any person making oral submission or to any witness. The Chairperson will not permit any person, neither personnel nor two legal representatives to question any witnesses or any person making oral submissions during these public hearings. In the event that there is any stakeholder that has an
20 objection, comment or question in respect of any submission made during these proceedings, that stakeholder must submit such an objection, question or comment to the enquiry in writing and the enquiry will attend to such an objection, comment or question as soon as possible at an appropriate time.

25 We usually allow one representative of a group or entity to make submissions but where arrangements have been made with us in advance, we do allow multiple representatives to address different issues.

So those are the rules that will be applicable to this session. Once again I would like to welcome everybody who is present this morning. We will start
30 with a submission from the Mpumalanga Provincial Department of Transport. If they are here, they can take the seats here in front.

Once again, welcome Gentlemen and thank you very much for coming and more importantly for being on time. Thank you very much.

10 There should be piece of paper in front of you. You may take the oath or the affirmation. You may proceed.

MR. MOLOI: I, Matsemela Moloji, I swear that the evidence that I shall give shall be the truth, the whole truth and nothing but the truth, so help me God.

CHAIRPERSON: Thank you very much Mr Moloji. You can give the
15 document to your next colleague.

MR. MUDAU: I, Wilson, Mudau, now swear that the evidence that I shall give shall be the truth, the whole truth and nothing but the truth, so help me God.

CHAIRPERSON: Thank you very much. If you could please just spell your
20 surname just for purposes of the transcript.

MR. MUDAU: M-U-D-A-U.

MR. MSIZA: I, Samual Themba Msiza, swear that the evidence that I shall give shall be the truth, the whole truth and nothing but the truth, so help me God.

25 **CHAIRPERSON**: Thank you very much Mr Msiza.

MR. GADISI: I Roodsane Robedka Gadisi, swear that the evidence that I shall give shall be the truth, the whole truth and nothing but the truth, so help me God.

CHAIRPERSON: Thank you very much Mr Gadisi, if you could please just
30 also spell your surname just for the transcript.

MR. GADISI: G-A-D-I-S-I.

10 **CHAIRPERSON**: Thank you very much Mr Gadisi. I think just before we get into the presentation, if we could start with introductions, if you could just explain what your current role or position is within the department and how long have you held your current position, starting with Mr Moloji.

MR. MOLOI: Thank you Chair, I am currently an acting DDG for Transport Management and I starting acting in May. My fulltime position is that of the Chief Director for Transport Operations which I commenced in 2008.

CHAIRPERSON: Thank you Mr Moloji. Mr Mudau?

MR. MUDAU: I am currently the Director for Registration and Monitoring which I started in January. Before that I was the Chairperson of the Operating Licensing Board.

CHAIRPERSON: Thank you Mr Mudau, Mr Msiza?

MR. MSIZA: I am the Director for licensing which takes its operating License in the PRA.

CHAIRPERSON: Thank you Mr Msiza, Mr Gadisi?

25 **MR. GADISI**: I am the Director responsible for Empowerment and Divisional Management.

CHAIRPERSON: Thank you Mr Gadisi. Mr Moloji, I understand that you have prepared a presentation. You may take us through the presentation.

MR. GADISI: Thank you Chair. We have followed the questions that were sent to the Department to respond to. We are starting with the question relating to the route allocation for Metro Rail Passenger Service. Chair, our input based that currently in the province we do not have the Metro Rail

10 Passenger Service. We are in the process together with the district of
Ehlanzeni and Komasi Municipality, Mbombela Local Municipality and
Bushbuckridge Local Municipality. We are investigating the possibility of
resuscitating in particular rail lines between Bushbuckridge and the City of
Mbombela as well as the mainline between Lebombo, the border post in
15 Komasi Local Municipality and Gauteng. We have were given this mandate
to look into the possibility of resuscitating the services and we then therefore
formed a task team comprising of officials from our department, Trans
District Municipality as well as PRASA. However, in relation to the question,
you made add Chair that once these start rolling or running we will
20 participate in discussions that are looking at the future where we will be
looking at the feeder services or now we regulate that as well as also the
ticketing system which will enable similar transition from rail to other modes
of transport in the province but we are not at that position at the moment
because we do not have passenger rail services.

25 In relation to the processes of objection as part of the operating licensing
operation, the main reasons or the common reasons that we receive
objections Chairperson is that the routes applied for would be already
operated by other operators including the object at the time and therefore
granting such operating license would result in oversupply of the service or
30 saturation of the service. In the main, that is what objections we would raise
to the department and to the PRE.

How widespread is the practice of objecting to new applications especially
by large bus operators? On the side of the bus operators, objections are not
a common practice. We usually receive objections where there is common

10 routes where other public transport operators are also operating and mainly
objections are received from taxi associations. Perhaps the reason for this is
that the majority of bus operators in the province in the subsidised regime.

In instances where objections were raised whether or not the provincial
regulator entity finally grant such operating licences and how long it takes
15 for the PRE to grant such operating licenses, our response is that
applications with the objections are either approved or declined. The
process is that it would the applicant and the objector to invited to make the
presentations and then the PRE adjudication committee takes a decision
after having considered such objections. The objected applications are
20 finalised at most within 90 days and this caters Chairperson for requests for
postponements by the objectors and the PRE adjudication receives a lot of
those and as a result we do go up to 90 days. The PRE is dealing effectively
with objections in line with the prescripts that such objections, once they are
submitted within 21 days, the applicant is notified of the objection and also
25 they are notified about the day of the hearing as indicated earlier.

B7 we either can be utilised to balance the legal provisions of the National
and Transport Act under objecting with the potential abuse of the objections

[MECHANICAL INTERRUPTION AT 14:13.7]

assessment of such a route is done by the Directorate that deals with
30 registration in order to establish whether the route is not operated by other
public

[MECHANICAL INTERRUPTION AT 15:23:9]

determined if there is any potential conflict from granting such a road.

10 C2.1.2.3 The optimal

[MECHANICAL INTERRUPTION AT 15:40:2]

is to getting you off routes allocated to them. The new routes Chairperson are allocated after all due processes are followed namely the route being assessed by the Department and then receiving comments in terms of the
15 Acts from the planning authority which is the Municipality and also in the absence of objections after due approval is granted by the adjudication committee of there.

C3 requires underlying reasons and for justification for PRE to issue a moratorium and the effectiveness of the moratoria in deterring entry into the
20 industry. Chair, the reason for the moratorium on new applications which moratorium has since been uplifted in June 2016 was due perhaps to the fact that the number of mini bus taxis which were operating without proper documentation such as operating licenses of a means whilst increasing at an alarming rate. We also identified the problem that the recruitment of new
25 members by taxi associations was also saturating the industry, therefore we agreed with the industry to impose a moratorium to enable taxi associations an opportunity to confirm their membership and to clean their data base in terms of what the department did. What we did Chair, we gave all associations what we had on the data base and then we allowed them to go
30 through the list, give us the names of people that were still operating, people that they did not know and if there is people who had passed on and in such cases and then in the process we tried to clean the data base. Once that was sorted, the association would then be allowed an opportunity to

10 continue without outside the ambits of the moratorium. Even though there is
no moratorium at the moment, access is controlled through associations
which are enable an opportunity to give comments but also the planning
authorities in terms of the Act I expected to give comments to the PRE
within 21 days so that the PRE on the basis of that can be able to decide on
15 whether or not to grant an operating license.

What mechanisms did the PRE and the municipalities put in place to
enforce the moratorium? At the time the moratorium was in place, it was
communicated to the taxi associations through circulars as well as through
the Mpumalanga Provincial Taxi Council. No new members with vehicles on
20 the side of the department are registered on the date base where there is a
moratorium and also the regulation of the public transport is a sole
committee of the department and there is no other body in the province that
registers

[MECHANICAL INTERRUPTION AT 18:50:6]

25 where there are illegal operations we do have a law enforcement unit
referred to as Public Transport Law Enforcement that assist us also to deal
with illegal operations.

What are the underlying causes for backlogs at the PRE and how these can
be remedied? Chair, we are indicating that backlogs at the PRE are caused
30 by some of the following reasons:

Municipalities airtimes do not respond to PRE requests within the stipulated
21 days in terms of Section 55 of the Principal Act.

10 We do also have problems to some extent although not as much of
objections that delay the finalisation of applications due to requests for
postponements by the objectors.

Transport operators also take the Department to High Court for one reason
or another regarding the issues of issuing of operating licenses and this
15 delays PRE from finalising some of the applications.

And lastly, some of the delays are related to the system, LNTI

[MECHANICAL INTERRUPTION AT 20:21:9]

Perhaps I may comment to indicate that some of these delays are remedied
by putting extra hours to try and deal with the printing of operating licenses
20 where decisions have been taken but you also have special sittings of the
adjudication committee to deal solely with backlogs so that we are unable to
move at a faster pace. We have also learned that during off-peak hours, the
system works better because not too many people log on to it and at times
we do get overtime for our officials to then continue with the work in order to
25 deal with the backlog.

Recently Chair, we have written to all who have made applications to the
PRE and who have made any enquiry as to the status of their operation
licenses particularly those who have exceeded the prescribed 60 days to
collect. We have written to all of them to appear again to our offices so that
30 we are able to get as to what exactly the problems are because we do get
indications from our offices that some of the operators would have applied
but they do not come to uplift so we have conducted them as individuals to
come and deal with that.

10 Buses which is part B including there is long distance buses contracted by
services, municipal buses. The question is price regulation and price setting
mechanisms for all modes. Chair, at the present there is no legislative
prescript that delays the price setting. We believe that the inter credit public
transport network would be able to assist us because there is a provision for
15 price setting to be determined and fortunately the city of Mbombela is in the
process of implementing the inter credit public transport networks. However,
on the subsidised services which perhaps is by contract under our ambit,
the Department of [indistinct] service interest is only approved by the
Department after both the service provider and the passengers through their
20 community forums and other structures shall have been consulted. When
we are satisfied that that has been done and addressed adequately it is only
then we approve the passenger fare interest.

On the allocation of operational subsidies, it's impaired on competitions or
internally and within one mode and different modes. We are indicating Chair
25 that it's at the present moment, the provinces is running six interim contracts
which were transferred to the province whereby national and which are
governed and funded through DORA by National Treasury and these
contracts are of service providers that are operating in certain areas of the
province namely Mbombela, the area of Bushbuckridge, the area of Govan
30 Mbeki, the area of Nkangala as well as Emalahleni. The one area which is
the Mbombela Municipality as indicated earlier Chair is already in the
process of implementing the IPTN's which aim to address the problem that
we have stated earlier on.

10 What's the motivation by Government for extending operating subsidies to
other modes of transport and not the mini bus taxis given that the latter
constitute the biggest mode of transport? Chair, my preamble to this
question would be as indicated earlier that we are only running interim
contracts at the moment and we are not the contracting authority as
15 prescribed by law the planning authorities or municipalities are, however, we
have made an attempt. I remember in National Department in 2008 there
were attempts to study and to make attempts to subsidise all modes of
transport and it came out that the budgetary constraints would not allow us
to actually implement. However, Government has indicated earlier on it is in
20 the process of integrating modes of transport through in our case, IPTN's in
terms of the public transport strategy. Some of it is benefitting the majority of
the poor given the subsidised services have limited accessibility compared
to mini bus taxis.

Chair, the market share of buses and taxis differs from one region to
25 another in our province. For instance, the market share in the Mombela area
of the bus industry is actually far away as that of the taxi industry. However,
in other areas there will be a different scenario in that we would have more
taxis that are ferrying our people than is the case with buses but in other
areas there are no buses at all, your small towns, and that is why you are
30 saying indeed the market share isn't the same. The department subsidises
learner transport and in this area we are subsidising both the mini buses as
well as the big buses which merely are owned by your small bus operators.
We do also give funding to the Provincial Taxi Council to run the
administration at different levels in the process of in an attempt to provide

10 support to the taxi industry, however, we do concede Chair that the majority
of our people does not benefit from their subsidy region.

What is the impact of subsidies on competition between different modes of
public transport? As indicated earlier in the province, subsidiser buses in the
main operate during peak hours and they transport generally your workers
15 and the mini bus taxi industry does cover all of them. They do operate
during peak hours to focus on workers but they mainly focus on other
passengers as well, as well as dealing with the off-peak hour passengers.
Having said that, we do consider again Chair, that subsidy does influence
competition in favour of the bus industry because those who receive subsidy
20 they get the difference from the passenger fares.

On transport planning challenges in the implementation of integrated public
transport networks, what is the current status in terms of the implementation
of the proposed IRPTN's? With reference to Mbombela IPTN which is the
only municipality who started implementing in terms of this province, the
25 process is unfolding however it is slow due to challenges that were
encountered at the beginning at the planning phase of the process.

What are the challenges that have been encountered by different
stakeholders and by different spheres of Government in the
implementation? In the legislative prescripts, we concede to you that it took
30 a bit of time for parties or to properly follow the guidelines in terms of
legislative prescripts. You look into the Constitution inter-governmental
framework at National and Transport Act and the Division of Revenue Act.
Where the parties came from different areas for sometime but we managed

10 to find each other after we created structures that incorporate three spheres
of Government but also that incorporate the industry as well.

Under planning phase there was a delay in the establishment of the public
transport integration committee. There was also a delay in the
establishment of the inter model planning committee and also there was a
15 delay in finding agreement on the designing and the prioritisation of
corridors. There was a thinking that Mbombela IPTN would be introduced in
phases and we agreed with the different stakeholders to identify corridors.
We do want to admit that that was not a very easy process and it took us a
bit of time to agree on which corridor to start with and so that we have a
20 similar transition.

On institutional arrangements, we not just for this municipality but also all
the municipalities in the province, there is no dedicated personnel
responsible purely for public transport. We have written to all municipalities
and raised this point. We have also raised this point in Munimec where the
25 MEC for transport and the MMC's for transport and municipalities said we
have traced and tried to emphasise this point but of course municipalities
have got different challenges and the fact remains there is nobody. When
you call municipalities to meetings you hardly get somebody who is a
transport person because their organograms do not allow any moment for
30 that. As a result of this then you would find that municipalities then depend
excessively on consultants and the last point, the issue of capacity is also
linked to the fact that there is no dedicated personnel.

10 Under the consultation of affected stakeholders, we have indicated earlier
Chair that there has been a delay in engaging public transport operators at
operational level and in order to be able to obtain accurate
date we do concede again that as a result of that we did encounter
problems such as infrastructure that was put up was not properly aligned to
15 by articulated buses, also to the non-motorised transport and would not
necessarily at all times promoting universal access particularly access by
people with disabilities.

Well, the last point under this would be the budget. We do raise Chair that
the failure to increase and in fact the decrease, the reduction of the public
20 transport operation grant which is schedule for DORA grant is affecting the
implementation of the IPTN and it does also affect also the integration
generally of the mini bus taxi industry within the subsidy origin.

What matters can be put in place to ensure that capacity is developed for
the successful implementation of the IRPTN's and the development of
25 integrated transport plans. We believe Chair that there is a need to
capacitate municipalities to ensure that they develop an organogram and
check relevant requisite skills that will be able to deal with public transport
matters and that will reduce the dependents on consultants. There is also a
need to increase the budget for infrastructure operations which is also
30 unfortunately a DORA grant.

On the issues of transformation in the public transport assessment of
transformation level across the value chain, top critically inputs we believe
Chair, one who would need to transform the ownership within the bus

10 industry notwithstanding the fact that there are some strides in that regard
but we still there's need to have such transformation expedited as well as
also on the supplier side. We believe there is a need to assist the
disadvantaged operators at all levels and to gain skills and capacity to
compete with their established counterparts. By all levels I am referring to
15 the issue of suppliers, the taxi industry, the bus industry because the small
bus operators are disadvantaged. There is a strong need for the integration
of taxis and buses. We believe the ITPN is the right tool to ensure that it
happens, however we need to ensure that we put that across the board. We
do need to empower in the different sectors, that is the ownerships that the
20 value chain and also in the general participation where skills are enquired in
the industry.

The last point we are raising, there is a need to empower the taxi industry to
diversify. We are of the view as things stand now the taxi industry operates
from the taxi rank. As a result, other people who are not necessarily from
25 the taxi industry have taken over. I have seen an opportunity and taken over
like your e-hailing service, they have taken over your charter service but
there are also issues of value chains that the taxi industry we believe if
properly capacitated would be able to exploit and diversify. What are the
existing bottlenecks for transportation across the value chain, how best can
30 meaningful participation of historical disadvantaged individuals be achieved
in the industry. Chair, we have reduced this to three points. There is a
serious skill shortage across the board and we have indicated earlier that
there is a need to capacitate training among other things but also guiding
and also with shopping each other. There is a serious lack of funding which

10 could assist us to deal with this participation of historically disadvantaging individuals. There is also lack of information perhaps about other opportunities that are available that could be exploited as we have indicated earlier but we do believe also there is an issue of innovation which lacks and it serves therefore as a bottleneck towards the participation.

15 Contracting relating to bus operations that is the long term contracts which have not been subjected to competitive bidding for a long with the impediments. Chair, we have indicated earlier that we are holding internal contracts in the province, we do not have any permanent contract. The reason why such have not been converted in terms of Section 41 of the Act
20 is purely funding and an exercise was undertaken in 2008 and it came out way beyond what DORA is providing and what we can afford and there are attempts at the Munimec level that undertaken to ensure that negotiations are entered into with National Treasury to ensure that we are not this so that the contracting authorities may be able to go out on tender or negotiate as
25 the law provides.

The impact of lack of competitive bidding on entry and expansion of bus operators, especially small bus operators. Indeed, there is a serious delay of entry to the market by previously disadvantaged operators who are virtually what we are referring to as small operators but also the monopoly by the
30 established operators is perpetuated as a result of this.

The commuter experience Chair, we are saying, under the subsidised of bus contracts their operations are scheduled and in terms of the official contracts and in terms of the time table. This enables them to provide

10 efficient service in terms of waiting times, cost to public and also the walking
distances are reduced for commuters. However, that is limited just to the
subsidised regime. As for the rest, the situation is a little bit different. We
know that taxis, they have just introduced their touting now but ordinarily
they wait from the taxi rand particularly for the long distance and it creates
15 problems. Chair, thank you.

CHAIRPERSON: Thank you very much Mr Moloji. Any additions from your
colleagues, Mr Gadisi, Mr Mudau, Mr Msiza or any points that you wish to
amplify or emphasise or we can go ahead with our questions. Alright, I will
hand over at this point to the evidence leaders. Colleagues, please bear in
20 mind that we have to finish at half past ten with the presentation. It is now
twenty to ten.

MR. NGOBENI: Thank you Chair. I think I am just going to have a couple of
questions for you, I think maybe let's just start with the objections that you
would receive when considering applications for operating licenses and in
25 this regard the question is only in relation to mini bus taxis. We heard
yesterday from SANTACO provincial and one of the issues that they raised
with us is the lack of consultation and they indicated to us that lack of
consultation results in where you would find that the PRE has approved an
operating license for articular operator on a route where, according to them,
30 they would have assisted the PRE in providing comments on whether or not
the approval was necessary. Now, the question that I have there is, I
understand the legislation is very clear. It tells you how you should publicise
your applications and how you should give notice for operating licensed but
given the nature of the industry we are dealing with and the informal nature

10 of the industry we are dealing with, the first question is to ask how are you
communicating with the industry in the first place to give them notice or to
publicise their applications that you have in order to enable them to make
proper submissions to you and shape the decisions that you are out to
make and this is as a result of the complaint we received yesterday. Just to
15 address that particular point.

MR. MOLOI: Thank you Chair, like I indicated earlier, we actually fund the
Provincial Taxi Council which is basically led by SANTACO and we meet
with them at different levels, that's the Provincial Taxi Council and there is a
Regional Taxi Council in each region and also there are associations. We
20 have meetings regularly on different items about how they use their funds
and what challenges they have in the industry and all of those kind of things.
Apart from the official notices that we issue, we do have communication with
them and they have direct communication with the department including
with the MEC. They actually pick up the phone the MEC if there is a
25 problem and knowing the industry, when there are problems, they don't take
long to either go to Court and we have experienced a lot of that or to take to
the streets and believe you me, we have experienced a lot of that as well. I
don't know if my colleagues would like to add.

MR. NGOBENI: No, before you hand in, your colleague will answer. I am
30 more interested in, we understand you publicise in the Government Gazette
so the question is, when there are new applications, what other form of
communication do you utilise to alert them to know you are considering this
particular application and they have an opportunity to make their views
heard because they are saying that what they are seeing in the market in

10 the industry and if one day they wake up and they see that the operators on
a particular route, they are not questioning your powers but they are saying
at least they need to be made aware and one of the ways is through the
Government Gazette but the question that I am having is given the nature of
the industry, what other forms of communication do you have in order to
15 alert them of these various applications that you are considering as the PRE.

MR. MOLOI: I am going to allow colleagues will deal directly with this
subject to deal with that however, like I have indicated, we have contacted,
we have informal communication particularly with the Taxi Council but we
have recently considered to put notices at our district offices, well it is
20 something that we have just motivated recently and we believe it would also
help. Although it is irregular, it is not happening regularly, we do have time
slots on the two main radio stations in the province and when such are
provided to us we do communicate some of these main decisions. I do want
to stress the point through you Chair that those radio slots do not come
25 often because again of the size of the department and also the cost
implications thereof. We believe the notices going forward will maybe help
us a lot because people who visit our office all the time and we think maybe
if we did that, it will help us a lot. Thank you.

MR. MOLOI: Thanks Chair, one of the mechanisms is that for new
30 application, normally they are being affirmed but the chairperson and the
secretary of an association whom in our view the secretary and the
chairperson of the association, their leaders within the association, that is
learned from an association at local level, regional level and up to provincial

10 level, and we believe that therefore there is sufficient level of communication
with the stakeholders, thank you.

MR. NGOBENI: Thank you, and on delays you mentioned Mr Moloji that
municipalities sometimes they do not respond and by response I am
thinking you are referring to they don't give directives or recommendations
15 to the PRE in order to assist the PRE's in making their decisions. What has
been the reason that has been advanced to you from the municipalities for
their non compliance with the request and to give directions to the PRE?

MR. MOLOI: Thank you Chair, when the main reason is what we have been
hammering on in our presentation, there isn't anybody responsible for public
20 transport at municipal level and therefore the application, we would write to
the municipal manager and then most of the smaller municipalities would be
the traffic department that would be responsible and as a result of that then
this thing falls through the cracks. That is what we have found to be a
problem and we have taken time to write to municipal managers to visit
25 some of the municipalities to plead with them to at least establish some sort
of a unit that is transport when we all know municipalities have got a lot
more problems on their plates and we do understand but this is also a
critical matter that we believe if they would address even if they have two,
three people at least would know that this is the person we would meet at
30 our meetings and this is the person who would be able to guide, etc., etc.
We have tried through assistance by the Technical Department on the
planning side to allocate interns to municipalities however, it's only a few
municipalities that you can assist and it's also for a certain period time. No
sooner has those internships are done we are back to square one.

10 **MR. NGOBENI**: Have there ever been instances where you have
proceeded and issued licenses in circumstances where they have not
responded to your request and if the answer is yes, and I know you are
authorised in terms of legislation to do so, if the answer is yes, then the
follow-up question would be, do you as the PRE have capacity to engage in
15 the type of an exercise that the planning authorities would have been
required to go through in order to give directives to the PRE.

MR. MOLOI: Thank you Chair, you anticipated the question. The answer is
yes indeed because the legislation prescribes the alternative to give 21
days. Firstly, I need to indicate that we actually go beyond the 21 days
20 which is why we indicated in our presentation that some of the delays are as
a result of that. At times we would go back to the municipality and try to get
somebody to respond but we also indicated in our presentation earlier that
the unit which is headed by Mr Mudau does have the team that assesses
the routes. So before we start anything, we start from that team but also
25 would require our municipalities as required by the law that they make
comments on their facilities and all of that, however we do proceed on the
strength of recommendations from the teams that does assessments.

MR. NGOBENI: And I assume may be looking forward that the team is
going to be available in case because we understand that the Mbombela
30 Municipality is considering the assignment of the functions that are currently
located in the department to be assigned to the PRE so that he is available
to assist in case the powers are assigned to the MRE's.

MR. MOLOI: I have seen that as a comment.

10 **MR. NGOBENI**: It was a comment actually. I think the last question that I
have it's moratoriums. It was uplifted in 2016, that is what you have said.
The question that I have is that as a result of the moratorium, did you
achieve what you were trying to avoid or what has been the effect of the
moratorium because in other provinces we have heard that the effect of
15 these moratoriums has resulted in more legal operators operating on
various routes and therefore, the position of these moratoriums have
actually defeated the purpose.

MR. MOLOI: For our purposes, apart from the other issues that were there,
we wanted to assist because we are working together with the associations
20 to assist them to clean up their data base so that what we have on our data
basis is the same as what they have on their books. Now, we think that
purpose was achieved because we were able to pick up who is alive, who is
operating, who is no longer operating and all of that so our data base as it
stands is updated with information that we as well as the associations would
25 be common among us. That's the plus which is why we went into a
moratorium in the first place but as for the other parts, we did experience a
little bit of that however it was limited because our moratorium was not
meant to just stop people from entering because we knew already that if you
stop people from entering you would open the room for them to operate
30 illegally, thank you.

MR. NGOBENI: Thank you, just one last question Chair on something that
was raised yesterday. How do you deal with applications for operating
licenses for buses be it in your licenses sorry new one's. We heard
yesterday from the municipality that they don't get to know what you actually

10 doing in that front and I think you were sitting here, you heard yesterday,
what is your response to that?

MR. MUDAU: Thank you Chair. There are very few new applications that
we are receiving if none for bus services. Most of the operation that are
done by buses in the main what is coming to us is renewal, is not exactly
15 new applications but renewal and what normally happens is that like you are
over the counter transaction which you are normally renewing something
that is there that exist, for instances, is somebody that is renewing an
operating license after the term of the license but that license already there
had been a process of the application and the adjudication which have
20 taken place there and therefore it's a renewal of an existing operating
license but other than that, any new application that comes in, is before it
could be adjudicated, is then referred to the municipality for their comment
in terms of the Act. Thank you.

MR. MOLOI: If I may add Chair, there is a number of bus operations that
25 come from outside the province then which would have granted by
authorities elsewhere and where most of the operations which have resulted
into conflicts but whether the taxi industry or where the municipality would
be concerned, there would be those who haven't had an experience of
problems with operations that are existing within the province, however, we
30 did note we do not want to get into the submission of the municipality but we
did notice some of the points that they raise and we do feel that perhaps we
would be able to take a discussion with them on how they would want us to
address the issues of renewals, if they would want us to deal with that but
the one point that they raised about the letter, that letter indeed was

10 received well after an application had been granted and it was not based on
a decision of a council nor was it written by the authority, that is the
municipal manager from their side of the municipality but we do note that
the concern generally except for the legitimacy of the letter that we received
and the timing thereof that perhaps there is a need that particularly given
15 the fact that we are running the IPTN process in Mbombela which we are
fully participating in as well as the main operator because there is just one
operator which is the main operator in the bus industry, participates in, we
do perhaps need that forum to find a way to assist the municipality going
forward. Thank you.

20 **MR. NGOBENI**: Thank you Chair, no further questions.

CHAIRPERSON: Thank you Mr Ngobeni, just a follow up on the last
questions from Mr Ngobeni relating to this issue of the involvement of
municipalities in renewals. Is it not a blind spot in the regulatory system that
the planning authority is not involved when this renewals take about I will
25 assume, five years because the planning authority has to take into account
there may have been changes on new developments in terms of transport
planning which municipalities are not then able to factor in and to assess the
impact of those renewals on their own plans.

MR. MOLOI: Which I think Chairperson is reasonable. The point I was
30 making just now but perhaps we learned from the presentation yesterday
that perhaps we should consider going forward taking a discussion with
municipalities on how we can handle that so that we do not only look at that
from a point of view of legislation but look at it from the point of view of

10 operations. Considering though Chair that municipalities will have to come to the party. They are unable to assist us with new applications within the 21 days but we would engage them and where possible we would actually involve the boards itself for everybody to know because these are not secret operations, I think it's fair. Thank you.

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

MR. LESOFE: Thank you Chair. I am just going to focus on the subsidy system. You indicated that there are currently six interim contracts. Could you please identify the contracted operators and areas that are serviced by each operator.

20 **MR. GADISI**: Thanks very much Chairperson. We have six operators, contracted to this province. It's Busco that is operating around the Ehlanzeni region in particular because it covers couples of municipalities and we have GNT, Great North Transport, who is also operating around Bushbuckridge but it cross over to Nelspruit also, to Mbombela. We have, in Evander we
25 have Tillys that is operating in the area of Ermelo and other areas, we have also Secunda area which is being operated by the Megabus Transport. We have Thembaletu that is operating around Witbank area, Emalahleni. We also have got a small portion of Putco that is operating around Ekangala area.

30 **MR. LESOFE**: And which of these operators would you say has the biggest share?

MR. GADISI: The biggest company that is operating in terms of in the province is Busco. It has got the biggest share of the total percentage of the

10 Division of Revenue allocations followed by Mega Bus and then goes GNT,
it goes on like that.

MR. LESOFE: And then in terms of, I think you said for Putco you are
managing this small portion of the contract, is there some sort of joint
arrangement with the Gauteng Department of Transport given that Putco
15 operates in both provinces and I think it is probably the only operator with
this unique operation.

MR. GADISI: We normally have formal meeting where all the provinces
meet on quarterly basis with the DOT where even the Treasuries form part
and parcel of those meetings, that's where we discuss the inter-provincial
20 kind of operations where if there are issues that relates to Putco in
Mpumalanga where the contracts is being controlled by Gauteng is the
issue in question. We raise our concern because normally you will find that
the stakeholder or the commuters in Ekangala as when they contracted in
this they come to Mpumalanga province while this contract is 96% of that
25 operation is being controlled by Gauteng Department of Transport, that's the
forum we engage on but on monthly basis we have our own monthly
meeting with our own operators in the province. Whenever we do meet with
commuter forums we have got another section that meets with commuter
forums whenever there are issues raised at that level we then directly
30 communicate those with the Gauteng Department and at times we convene
meetings together with the forum so that they are able to express their
opinion and we do then invite Putco at that level because Gauteng will be
able to print them and then we observe as they did with the issues.

10

MR. LESOFE: Sir, we understand that the sub city contracts were first awarded in 1997. Were all these contracts that you currently hold are the same contracts that were awarded in 1997, in other words, you don't have any contracts that were awarded in subsequent years. I appreciate that the
15 contracts have evolved over the years but are these the same original contracts that were awarded.

MR. MOLOI: Yes, the answer is yes, these are the same contract that were awarded by them under the [indistinct] the Department of Transport nationally. They were dissolved in 2007/2008 to the province under the
20 Division of Revenue Act.

MR. LESOFE: And currently what is the duration of these contracts. It appears that in terms of the duration this defers from one province to the other. In some provinces they are renewed on a monthly basis or as in other provinces, the duration it's a bit longer. What is the situation in
25 Mpumalanga?

MR. MOLOI: The situation in the province is that we have entered into a contract with the service providers that allows us to run for a period of three years with running concurrently with the MTF period. However, there is a specific escape clause that allows us to get out of the contract as soon as
30 there's funding available to advertise or to negotiate or as the interpreted public passport process unfolds in Mbombela.

MR. LESOFE: The current contracts, when do they expire? In other words when did the current PRE period start and when does it lapse?

10 **MR. GADISI**: The current contract, we have just entered into a contract now
the extensions therefore it should take a period of three years to do that.
Maybe the fundamental issue that causes that is the issue of lack of
budgets because all the provinces countrywide, they will want to extend,
they will want to negotiate but the budget is the main challenge hence
15 through those meetings that I mention on quarterly basis when the National
Treasury form part and parcel of it. At all times we will raise the issue of
budget therefore they will raise the issue of seeing their budgetary
constraint and therefore we eventually agree to say that we will therefore
extend this contract is the issues that normally we elevate it to quarter and
20 the [indistinct] because you remember is the provinces, we are running this
transport is the [indistinct] constitutionally of the Minister of Transport
therefore we elevate our concern to that level. As such therefore we extend
it. I agree that some of the provinces in that you have already visited, after
that resolution of seeing that unless extend because there is no additional
25 money. Other provinces decided to say they will want to go for 6 months.
Others have decided to go for two years but the issue was to say that what
is feasible is to extend it, link it to MTEF as the others bigger said.

MR. LESOFE: One of the concerns that has been raised in other provinces
is that at the current subsidy system does not benefit rural communities.
30 What is the position in Mpumalanga? Are there any rural areas that benefit
from the current subsidy system?

MR. GADISI: I think in Mpumalanga we will compare with that that majority
like what the DDG has said that in most of the rural areas there are no bus
operations that is being subsidised. You see dominance of the taxi industry

10 in those areas and if one is to just clarify this issue, this is a very old regime
as you indicated. The inception of these processes was sought to ferry our
commuters to provide the labour in town in those living areas therefore
that's why you will see all the linkage of this operation, it move from the rural
area to provide labour in town and late in the afternoon they go and they are
15 linked to this special development plan by then to say that our black people
will be living there and therefore they must only come in the morning and
therefore they must be taken back to do that. Then come in the issue of
RPTN's and BRT system. That seeks to say if there is that particular
operation. When the municipality redesigned the operation, it must cover the
20 entire area of that particular municipality. If Mbombela is to redesign to
implement the RPTN's it must not leave any space within its own
jurisdiction. It must integrate all the modes of transport it must integrate the
system in the entire area and that is what the Government is actually doing
now to say that we need to move towards that integration system and that
25 the twelve cities have been identified by now fourteen cities by the public
reports are ready to start with that process of integration and it will seek to
address what we are talking about. Thank you.

MR. MSIZA: I just add one thing. I always find it interesting that generally
our province is defined as a rural province and then the question then
30 becomes very interesting. I agree with what my colleague has pointed out.
There is only one contractor though, that is the Ermelo one, it addresses
rural communities although it in a small scale because the people there,
they are somewhere outside of Ermelo and they are not transported into
Ermelo and they are working in the plantation somewhere there. That would

10 be the only exception but by and large it's true what other provinces have observed.

MR. LESOFE: Thank you, perhaps just to clarify, I am not in any way suggesting that while I might that it's a rural area. Another issue that has been raised is that I think there is the general acceptancy that currently
15 there is no adequate funding generally for the subsidy system but there is this concern that smaller provinces are despite the shortage of funds right, smaller provinces are more disadvantaged in a sense that they are funding its very small in comparison to other bigger provinces. I wonder if you could comment on that?

20 **MR. MSIZA**: I think is very correct. You will agree that the purpose for the subsidy was to address the economic and social issues and the focus by then was to ensure that a place in Gauteng and Western Cape, it was considered to be an economy gap therefore obviously the allocation at that particular time was it actually serving that particular area where economic
25 activities are [indistinct] hence then because there has never been any other new changes, it led to a situation as when they put it in the division of the new Act it talks to that percentage allocation, then you will see the rural provinces having very small portion because you have Mbombela by then there is a centre for economic activities, you have Secunda as the strategic
30 Government centre for energy and other things. You mentioned those kind of things. You see hence the Pretoria people are being serviced by the Moloto and Kwamhlanga people going there to provide labour hence you see that big pushing because therefore the destination is in Pretoria it needs to controlled by Gauteng because those people are coming to provide

10 labour in Gauteng. That then created that particular division by then in the
living years and I agree to say that there is such imbalances in terms of the
allocation of the funding.

MR. LESOFE: And in the light of the fact that you know over the years there
has been a number of changes, small provinces, experienced [indistinct]
15 and expansion, would you agree that even the current allocation may have
to be reviewed?

MR. MOLOI: I think the whole allocation has got to be overhauled. There is
not enough, even for those big provinces there is not enough in the kitty to
service the current arrangements but as we indicated in our presentation,
20 the IPTN, although it covers at the moment twelve, fourteen cities, it is
beginning to address the issues of integration, my view is, instead of
provinces competing against each other over what is not there, it would
assist us to look at the broad picture, to look at the integration of the taxi
industry across the broad, look at the covering areas that were not covered
25 by the subsidy regime previously and if that would be the approach I would
be fine. I would not want to sit here and say I want to get what Gauteng gets
because I know if I were to sit in Gauteng, you would discover that they are
not happy what they get. My view is perhaps you should be a little bit
broader and look at all the issues and that would require a lot of money. If I
30 would give you an example, in 2008 when you undertook the study, just
[indistinct], we needed the entire budget of the country if we were to
implement integration and fund the taxi industry and the bus industry in
Mpumalanga alone so that gives you a picture that PTOG as it stands

10 throughout the country is not enough to address the challenges that we
face.

MR. LESOFE: Thank you. And what are the mechanisms that are put in
place to monitor compliance with the contractual terms, in other words, how
do you ensure that operators comply with their contractual obligations?

15 **CHAIRPERSON**: Mr Lesofe you are referring to the service delivery
obligations in terms of the contract, in other words the schedule times and
the like?

MR. LESOFE: Yes, yes, that's what I am referring to.

MR. MSIZA: We have this contract with the operators. You will agree that
20 on annual basis there will be what we call an annual agreement to address
the CPI related issue. Your labour, everything of that nature. As a result of
that we have a standard meeting that we normally have during each and
every year with the National Treasury that talks to the issue of reviewing the
framework. Framework is our policies, it guides us, gives us a directive to
25 say this is how we manage the operations and therefore we must follow that
as SE's. It will talk to issue of key performance indicators that are 9,10, to
say that we must follow the following key performance indicators in order to
manage our operators and that then translated to a level where, after that
meeting on annual basis we will come and have meeting with our own
30 operators where we discuss with them those performance indicators and
those performance indicators that we discuss with them because they know
then that this is what they must follow, we must note the number of
kilometres, the passenger, they must tell us about all those kind of things

10 including the time table we just mentioned. Then we enter into an agreement. You remember that we don't have enough money as indicated. What we will do, we will say, on the subsidised roads during the inception there were kilometres measured by National Treasury but will of transport to save from Kanyamazane to Nelspruit, this is the kilometres. They will

15 quantify for bus go and say the total kilometres that bus will operate is this number of kilometres per annum or per month. We cab with those kilometres, we know that there is an extension beyond those kilometres because the communities continuously developing but we cab. We link it to the kilometres to the budget we calculate the rates and therefore we

20 develop a projection document that indicates to say per month, per day, per operator in line with the timetable this operator will operate this total of kilometres, that will quantify it into monthly therefore we know that on monthly basis this operator will therefore be travelling this total number of kilometres on their approved subsidised routes. That is our projection. We

25 give it to them, they sign on that particular month they meeting. That is the first mechanism so that they don't go beyond their budget because the provision of the reporting template from National Treasury have a provision to say if you travel more than the subsidised kilometres you must declare them. There is a provision for them to declare unsubsidised kilometres over

30 and above the subsidised kilometres then they sign that document. After they do that document which also form part and parcel of the addendum that we normally sign them to like the previous agreement you mentioned, that is annually that we do. The second issue to be to say they submit a payment certificate. The payment certificate will include the travel kilometres

10 that the travel money basis and that must be coupled with the external
auditor certificate. By law they must appoint external auditors, the KPMG,
PCC and everyone. Each and every operator has got an external auditor to
back up the information and to support us to say they really support that.
They attach to the payment certificate that they bringing to us that external
15 auditor report. When they submit that, we look at the projection document
that we agree with them in the beginning of the year because it so easy in
terms of your calculation you know this financially has got this number of
days and this timetable dictate that the operator must operate from morning
as peak hour in the afternoon, how many times and all those kind of things.
20 Then we deal with the payment certificate that is confirm and validated by
the external auditors. The second move, they submit, we check that. Over
and above that we have a monthly meeting with the operators. Is a standard
agenda, you go to Gauteng, Mpumalanga, North West, wherever. We
engage with the operators with that same agenda that has been crafted and
25 approved by National Treasury and DOT. We sit with all the operators on a
monthly basis. Amongst other things we discuss are the issues raised by
the passengers, the complainant. We demand what you call a complain
register book so that if the commuter raise their complaint they must declare
to us that the commuters raised this concern and that this is how they are
30 resolving the concern. Amongst other things is the question of the
passenger fare increase, the process, whether they have reached an
agreement or they are in the process of negotiating passenger fare
increases because it is between them and the commuters and the other
things are operational stats. Those are some of the measures that we do,

10 we also do what you call a spot on check, we do monitoring and they get
into the bus and check if the bus is compliant, they are compliant with the
timetable and everything for that nature and when we submit our report on
monthly basis to National Treasury and to DOT because to National
Treasury we submit them on quarterly basis, they are able to see variance if
15 an operator didn't comply because they have all this information and in that
matter when we capture the operational stats in that template, I can't
change it the following day, the batch template it locked the cell. If I capture
the wrong information and realise the following day or after two weeks, I
can't go back and say I want to change the batch information, it is gone
20 therefore it will be detected that this is the wrong information. Those are
some of the mechanisms that we normally embark on as when we do.
Thank you.

MR. LESOFE: My last question Chair, just on commuter experiences. You
would have heard yesterday that commuters have raised serious concerns
25 about the services that are provided by Putco. They have described Putco
as a moving coffin and they say Putco's fleet is too old and it doesn't have
sufficient buses and as a result buses are often overcrowded. They have
also raised concerns about routes being outdated. Would you say these are
legitimate concerns?

30 **MR. MOLOI:** I just want to add to this question so that we just put all the
concerns as were raised yesterday by the Mpumalanga Commuter
Organisation. I think the first one which is a very urgent one relates to the
annual fare increases. The Mpumalanga Commuter Organisation took issue
with this year's increase which was effected in April on the bus tickets by

10 Putco. In particular according to the Mpumalanga Commuter Organisation
the fare increase which was effected in April was 8% in April 2018 and then
they say that within two months then Putco demanded another 6% increase
from commuters which Putco indicated to them that it is non negotiable so
essentially they are saying that there have been about two increases. One
15 was for 8% and there was another subsequent increase of 6%. They say
the impact of these increases are quite catastrophic given that the majority
of commuters if not all who rely on these buses, are low income earners
who spend almost over 50% of their income on daily commuting. So this
was raised as an urgent issue. The other specific issues which were raised,
20 relate to the poor shift coverage in terms of the non arrival of buses or
where buses are a no show and obviously they say this has a domino effect
because they rely on these buses to get to work and it has a domino effect
in terms of security of employment and the like. And then they also raised
the issue of the expiry or the duration of the monthly tickets and the
25 inflexibility of the current model to allow commuters to extend the validity
period of the monthly or weekly tickets as the case may be that this has a
negative impact on them because there are various reasons which impact at
times on ability to travel at a specific point in time. An example was made of
a person who takes ill and is unable to travel but the validity period in those
30 circumstances cannot be adjusted or changed accordingly. And then they
also raise the issue of this relates to Putco's capacity that when drivers are
on leave, there are difficulties in terms of replacements and the coverage of
those shifts. So we were provided with a copy of the written submission but
this is just a snapshot or synopsis of the key issues which have been raised

10 by commuters. They also raised the issue of some, I think they raised two
sub contractors who were sub contracted by Putco. GCBS and Mahamba
Bus Services and they say they do not understand why these two sub
contractors cannot be contracted so that they can be able to service them
efficiently.

15 **SPEAKER**: Some of the issues that have been raised, you would
appreciate that they relate to the contracted is under Gauteng province.
Suffice to say that some of these issues have been raised by the commuter
forum and some of them have been raised within even the National
Department of Transport as well as the Gauteng Department of Transport
20 and some of these issues are under consideration as we speak by the
National Department Transport that was established by the Minister to look
into them. Having said that, I think the bulk of these issues, that relate many
to the contract that is not under our control, we will have to undertake before
the Commission and the audience that we would need to take as soon as
25 we receive this formal submission, would have to take them up again with
the National Department and the Gauteng Department of Transport with a
view to finding solutions to them. I am sure some of them would be resolved
with some of the progress that has been made by the task team that are set
up by the Minister but it would assist that we raise them again so that
30 maybe also in the presence of those who raised the commuter forum so that
we can together find solutions to some of them. I would want to address
them broadly like that and allow my colleague to speak to the issues that
perhaps made me relate to the Putco portion that is with us.

10 **SPEAKER**: Thanks Chairperson. The issues that relate to Putco. The first
one that talks to the bus, I will agree with that to say there is a challenge
with the type of buses that are being used by Putco. They are old, I
remember in the first interaction with your colleagues, we raised that. The
report is that they are actually refurbishing the new buses but they are
15 coming very slow because up to so far the information we got there are less
than 60 that have been actually put in Moloto Road which is very minimal
compared to total number of the buses that are operating there. We do
agree there is that kind of problem. The second issue, it talks to the 8% and
6%. Obviously we were told about this because it is also affecting a small
20 portion of 9 buses that we are managing out of 500 and something buses in
that corridor. We know about the 8% that they have negotiated with the
commuters by then and they give us a prove to say that on that 8% they
have agreed because we are given the minutes and everything. But the
recent meeting I had with Putco on this month's meeting that I normally
25 have with them, they raise the issue of 6%. I was also not comfortable with
that, I must confirm to say that this is what you call passenger fare increase
that actually happen once per annum and it must be negotiated or by period
of time people must reach consensus, it must go through the commuter
forum, they must agenda and attendance register and all those kind of
30 things. It can't be an instruction to say that it has to happen is an instruction,
it doesn't work like that. On our side I raise the concern to say that it can't
work like that, you must go back and report to Putco to say that we are also
not comfortable with the way they are raising it. We hope the Department of
Public Works, Roads and Transport, they will do that and to also raise their

10 concern. If by any chance they implement, it will not be what as the province
we condone or we confirm to say that they must implement 6%. That's
where I will put it in that way. A no show in terms of the addendum it's clear
that if the bus doesn't actually arrive in time we stipulated 45 minutes. If it's
late then 45 minutes we consider it to be non operational and as such they
15 must declare that they didn't operate for that because therefore it must
actually, they must not claim those kilometres because they could not
comply with the timeframe in terms of the time table because they don't just
operate, they must comply with the time table. A time table in terms of
addendum suggest to say they must arrive at the particular station at this
20 time but it should not be beyond 45 minutes. Therefore that in itself is a
violation of the contract and agreement but we know it is happening. In
Moloto when we have got other meetings they are disconcerted but I
normally raise with that particular corridor but however, I need to indicate as
DDG said that DOT has appointed a consultant to redesign the entire
25 Moloto corridor so that it actually be reviewed in a way that because the
view from Putco was to say that they are unable to make profit out of that
operations hence they drop the other contract you know I don't want to
mention. They dropped that because it was not making, they were cross
subsidising one another. Moloto was cross subsidising the Mamelodi
30 operations and in the interest of our community in the province we
appreciate the decision by the Minister to appoint a consultant that will
review and realign the operation of Moloto so that then the presentation
made to Financial Treasury so if there is a shortage or in terms of the
subsidy because we are talking about more than 600 buses and this

10 contract has been there for years and everything is going now for that
matter but the process on that is being considered. The sub contracting and
issues between the operator we don't have any prerogative to can decide,
we don't have to subcontract in whatever.

CHAIRPERSON: So you did not have the ANC in Mpumalanga, that sounds
15 like one.

SPEAKER: And that's not part and parcel of our operation is on the Moloto
or bigger operation. On our component we don't have subcontractor, and
then the issue of capacity and driver shifts missing and all those things, it
has never happened in our own, we have minutes of our meeting whenever
20 detected that and we never got a report on that but we will raise it in our
quarterly meetings. And the validation of tickets, I never had a problem with
that particular challenge. The only challenge I had that was during the strike,
the bus operation strike, where we shared with our operators, some of them
they are here, to say that these people entered into a contract with you as
25 an operator by buying tickets for you to ferry them to different destination.
Therefore, this strike is not about them. As such strike is coming from their
side because the drivers and everything for that. Now, immediately after the
strike they need to assist so that people they get benefits of what they
prayed because it is not like someone decided to say I am not going to
30 work. That is where we intervene and it happened that way and the people
were given opportunity to utilise their own tickets because it was just beyond
their control and same happened with the operators. If the strike happened
we paid them 60% of spending kilometres because is not their control, is

10 beyond their control anyhow. That is how that is stipulated in the contract,
that is how far I can respond with those issues. Thank you Chair.

CHAIRPERSON: I thank you Mr Lesofe, Miss Nontombana.

MS. NONTOMBANA: The question I have in relation to bus contractors
where there province is actually looking at a situation where contracts will
15 be reviewed such that they don't favour the incumbent bus operators that
are currently subsidised in particular and by this I mean concerns have been
raised that the existing bus operators even if there is an opportunity to
tender, when contracts are reviewed they would have an unfair advantage
over those that we also wish to operate bus contracts and I just wanted to
20 find out whether there is any consideration of that when contracts become
reviewed such that there is an opportunity for other independents to also get
bus contracts in the province.

MR. MOLOI: I just want to add one of the suggestions that has been made
by smaller bus operators, particularly in KwaZulu Natal to advance precisely
25 what my colleague is talking about is the breaking up of this contract into
smaller portions once they become available for tender so that you allow
smaller bus operators black owned to be able to enter this space to provide
subsidised commuter bus services. Thank you Chair.

SPEAKER: You would know that the issue of the one that is put before us
30 now is a legislative matter. It is dealt with by Section 41 of the National Land
Transport Act and it is quite a pity that that Act has been up for review for
public comments and we hope the operators and those who are making the
point would have raised that point under Section 41. What the Act says, if

10 you want to take this contract on tender, indeed the current operator has got
a right of refusal, that's in the law, however there is an option provided by
the law again that says that if you want to deal with issues of transformation,
the issues of promoting previously disadvantaged individuals in order that
you could consider the negotiating the contract. Naturally with the current
15 operator but in that way you could have a leeway to actually put
percentages on the area of transformation. That's the view we feel perhaps
as a province is that that option looks better by funds permitting as
compared to in the first quote we go out on tender because that is
problematic, it grants the current operators all the opportunity to take it in
20 when disadvantaged those who are outside of that but we know that after
the first bite, once those contracts end, after that we will be free to advertise
them without the problems that would encounter if we had to do it at the first
quote.

MS. NONTOMBANA: And is there any consideration of the proportion that
25 would be made available then in terms of the first bite?

SPEAKER: Of course, in a negotiated regime, you have an opportunity to
table a proportion of those that you would want to empower because the
section of the Act actually provides you go for that in order to empower
certain people therefore you would be bringing that proportions onto the
30 negotiating table.

MS. NONTOMBANA: My question is more specific in the sense that at one
of the province managing debate they are looking at about 30% in terms of
transformation so that is what I am asking?

10 **SPEAKER**: Okay no thanks. I just want to raise this. Can you imagine we
decide to say we go out on tender what will be the implication? We are
sitting here with big operators that are well established. They have depots,
they have everything. You opt to say they must tender with taxi operator
who doesn't have anything. Obviously that will defeat the purpose of
15 negotiating or integrating. The poor will remain poor, the richer will remain
richer. Therefore, out of the pre-approach in terms of legislations, is either
you would negotiate, you go out on tender or you restructure if is a pre-set
as a Government like the GNT and other things. Now, the option that you
have observed that we are talking about it which is the integration or BRT
20 system and other things and even the latest proposal that is in the cabinet
now of integrated public transport general plan, we want to approach these
things at a district level. That in itself, it automatically give opportunity for the
small bus operators without even considering whether someone has got
fleets, has got depots and all those kind of things. It automatically suggest to
25 say because you are operating in this particular corridor together, therefore
the only determination will be based on the market share. It gives them
opportunity to get into the system without considering all these other things
that might disadvantage the experience of being operating the permit
because you can't tender and say we are going to buy the buses later. They
30 can't tender if they can't prove where they are going to park their buses.
They will also be out of the system but I think the current Government
system approach that is following now, it really is implosive, you see if we
were to implement RPTN's in Mbombela our local taxis will benefit because
they are operating that particular corridor and the only variance will be

10 uninformed by the percentage of market share they control therefore, I am
saying is possible the future looks bright because they are going to
[indistinct] if we follow this trend. The issue of KwaZulu Natal sample of
breaking down the contract, I am not sure it will be breaking down in favour
of who because if you break down you are break down the contract. A
15 contract is a contract. When you started breaking it down, are you going
therefore decide to say you are giving someone, why don't you approach
the question of saying these operators there have got an authority to
operate in this corridor from White River to Nelspruit together therefore let's
look at the market share and all of them the benefits.

20 **MS. NONTOMBANA**: I think the point we are making is that by breaking
down the contract you also specify it such that you are not excluding anyone
so you are not specifying the tender such that you will still disadvantage
certain parties and that is what we are asking whether that is something that
is being considered. We do understand that given that there would be
25 operators that are currently providing services, obviously they have a better
advantage but that doesn't mean that nobody else can enter those markets
just because they are incumbents so this is what we are trying to
understand because you can only bring in new entrants by making it
possible for them to enter those markets, not by designing a tender such
30 that it is difficult or nearly impossible for anybody else to enter.

SPEAKER: Well then in as far as options that we have looked at, the
question of unbundling as he has correctly pointed out speaks to a specific
contractor will suit the contract that is currently held by GNT because they
are Government participator but other contracts, we are of the view that they

10 have to be negotiated, we have to look at the market share but we have
also got to look at specific percentages now 30% has been spoken about,
we are considering it but obviously you know that the product of negotiation
is they turn out to be different from that. We believe we could get better than
30% but obviously we would want to subject that to a negotiation process.

15 **MS. NONTOMBANA**: Then my other questions is on the IPTN's which you
seem to suggest would likely solve the current challenges in the public
transport system in the province and my observation in the presentation is
that one of the things that comes through quite often is budgetary
constraints and we have posed this question even yesterday to the
20 municipality regarding their sustainable of implementing their IPTN's and so
I would want your views in terms of that given what you have raised in your
presentation on budgetary constraints.

SPEAKER: Well, as you would know, the IPTN's have got two grants that
were running, one deals with infrastructure which reduces the burden on
25 that side and the second one deals with operations. There are negotiations
taking place at the moment with National Treasury and DOT and we form
part of that. We will want to have that cake raised a little bit in order to
accommodate the new entrants to the market. Sustainability of that is
dependant on our success in the negotiation process with National Treasury
30 and availability of funding but we do believe that as things stand now, we
could be able to get a head start by removing what Busco in this case is
receiving as a percentage that would then go to the other operators but
indeed it would require a little bit more funding on the PTOG in order to be
able to sustain it.

10 **MS. NONTOMBANA**: Then my last question is on learner transport, the presentation also answered to the fact that there is some form of subsidy that would go to the taxi industry in the form of a learner transport and I just wanted to understand how this is implemented and monitored?

SPEAKER: Well, learner transport is subsidised in a certain category of
15 learners and there is a national policy on their transport which we were following and we issue separate tenders and depending on the number of learners then the specific of transport is as required and the subsidy itself is 100%. The learners do not pay anything but it is just that your normal taxi operator will benefit from the routes that require the mode in question and
20 then your small bus operator will benefit from the routes that require a mode that is larger than a taxi.

MS. NONTOMBANA: I think what I wanted to get out of the questions is whether by subsidising the learner transport, there is scope to use that model if taxis were to be subsidised and hence why I asked the question
25 about it's been implemented and also how it is being monitored and also one of the issues that has a come up in terms of the subsidies is that the possibility is to subsidise the commuter and in this case would be the learner or to subsidise the operator and then you just hope that the subsidy does go towards what is intended for in terms of [indistinct] the cost for the
30 commuter and in this case the learner, so that is why I am trying to get at just for purposes of expanding that model if it works for learner transport.

SPEAKER: Well yes, the idea is to subsidise the learner and not the operator. However, I am not very certain if that model would be used to

10 integrate the taxi industry system because it is an open tender process that
takes costs or prices from the market at the time and it could work out a little
bit costly as compared to what we are running in a normal sustainable
public transport operation. The mode that we think will benefit the taxi
interest is the model that will come out of the IPTN's because there it looks
15 at the market share and it looks at the existing and it also looks at issues of
sustainability.

MS. NONTOMBANA: Just one thing I actually forgot is in regards to
operating licenses and I wanted to just find out whether there are different
requirements for issuing operating licenses for buses versus other modes of
20 transport.

SPEAKER: No actually, there is none, the requirements are the same.

CHAIRPERSON: Mr Mandiriza.

MR. MANDIRIZA: I just have one quick follow up question I think on Mr
Lesofe's question in terms of monitoring of this contract of service. I heard
25 your explanation in terms the external auditors and all of that. I think you
have a unique monitoring mechanism compared to other provinces but I just
want to get a sense in terms of your contracts, I think there might be
penalties for no shows and the likes. We just want to get a sense of how
much you have managed to recover from these operators that have no
30 shows or late shows because we understand from Gauteng that they
actually received a substantial amount of money running into a few millions
in terms of the no shows and the penalties because they have monitors that
could check whether the bus is on time and if they have employed someone

10 else. I see your process, the way you have described it is more of trust. You
want an external provider to say the bus did arrive and that external provider
is not there. We just want to get sense of how this process is working. I think
this has been a complaint that I think my colleague was referring to of the no
shows, people ending up have to fork out much more money especially on
15 the models. I just want to understand how you are doing but whether you
are investigating a change in the system that you currently operate whether
an electronic or a ticket system like what other provinces are trying to do at
least there is proper enforcement of this contract and commuter are getting
value for money, thank you.

20 **SPEAKER**: Okay, no thanks very much. I think our monitoring system is
working very well. I made mention to say that we normally have monthly
meeting with them beside that we do physical inspection to the operators
that we don't even announce to them. We just go and stop all the bus
operations and do all those kind of things. Beside that, our operators, they
25 have got a ticketing system. At any time we are able to go to operator and
request what you call a waybill. That waybill will actually disclose every
information about the operation of the buses. I remember very well I took
some of your colleagues to one operation down here, is one of the best in
the country. When we went there, they were able to see the bus wherever it
30 is in the system. They were able to see the operation in totality to see there
is a bus standing here and everything so we are receiving many many
people from different provinces to look at that system that we are having as
the province. Therefore, each and every operation we are able to track the
operation in a certain, not on daily basis. What we have learnt from other

10 provinces without relying on the external auditors as in independent auditors
to ascertain the claims and believe on the external monitoring firm we
quantify some of these in our quarterly meetings. We realise that you look at
the money being paid to the external monitoring firm versus the return on
investment in that you might have noticed that in some instance the money
15 that are being paid to those external firms are high more than what they are
saying they have actually recoup as monitoring tools. They don't have a
system, it's like a physical going there to deal, they go and stop the very
issue we are doing departmental, we are doing it in house. Other thing that
we need to take cognisance, I made mention of saying that is back to back
20 contract these operations. I have signed a contract with the Department of
Transport to work there. After that I went and signed a contract with Busco
to transport me to my work. By no means I will expect Busco to make me to
default with my work. We normally explain to the AG when they do to say is
back to back, the monitoring is so easy in a way that if an operator, if a
25 commuter miss the bus or the bus could not pitch in time, they go to the MC,
they go to the Premier, they are able to go and register with the operator
because it will not be an individual, it will be a total number of people who
will not be able to arrive at that. Now, my argument to say the external
monitoring firm is not doing different as such to what we are doing as when
30 we go out with our team, we have a team that goes out and stop the buses
even though we encounter some insults and all this and delaying us and all
those kind of things, we do that. We have that in place, we also look and go
and print the information from their own ticketing system because they will
tell you everything about operation and everything. If you go just here down

10 there to Busco, you are able even to check the people, when did they tag
their tickets as when they are getting the system and everything. Therefore,
is a very comprehensive kind of system for the past couples of time we
never encountered any challenges because we are there on time, we do
these and we also believe that even the external auditors like PCC and
15 whatever which is we are happy about that and is working but we can look
at that pending the availability of budget to do this physical monitoring and
then again appoint a monitoring firm to do that hence when we have budget
we can also concede and top up on that over and above that but we need to
look at that to say as when you go to other you will see if you quantify the
20 amount that are being paid to external monitoring firm versus what they are
declaring as the return it doesn't tally in most cases.

MR. MANDIRIZA: Just for completeness, so you haven't instituted any
penalties to any firm, you are happy with the service and the system that
you talk about that some of our colleagues went to your operations, does it
25 apply to all the six interim contracts or is mostly Busco?

SPEAKER: Okay, the ticketing system, majority of operating and ticketing
system. Where there is no ticketing system is one operator that the means
of monitoring that operator because is more for dedicated services tallies in
the plantation. What they do because is a dedicated service of ferrying
30 people from the community to provide labour in the plantation. The
plantation owner will provide a ticket stub and that stub will go and have a
meeting with that plantation owner so that we are able to know the
frequency and movement of that. On annual basis we declare money back
of service that were not rendered in the province back to National Treasury,

10 even this previous financial year we declared money back to Treasury
because when you another there will be that missing of trips and whatever.
If you can look there will be DNA on the monthly reports of the services that
were not rendered on that regard. We declare back to National Treasury the
money of the service that were not rendered on annual basis because we
15 find them guilty, we realise that they didn't operate and that therefore we
investigative their complaints of people not being transported and all those
kind of things, the delays and other things of that nature.

CHAIRPERSON: Just two questions from me. The first one relates to the
equity share of historically disadvantaged individuals in your subsidised
20 operators. We do have the figures for Putco, we have been provided with
their shareholder structure. These other five operators, what is the in terms
of equity, their share of historically disadvantaged individuals in terms of
equity ownership in these subsidised operators?

SPEAKER: Okay, I am happy you got the Putco one, I will go to Busco,
25 Busco is 100% controlled by previously black people, 90% is controlled by
black people and the 10% is controlled by the employees which construed it
control 80% of our total allocation of our Division of Revenue Act. You have
Tillys, it belongs to the category of is an Indian, it belongs to the category of
previously. Thembaletu they are here, they are partnering us, they are
30 black and there is not 100%. Bonthuys is a white person, he has got
partners with the black people.

CHAIRPERSON: But in terms of equity ownerships?

10 **SPEAKER**: I am not unfortunately 51% is going to be, he is here, is 51%.
What is the other one? GNT is a government owned in Limpopo there I can't
say much about that. Megabus I cannot confirm how is it being structured, I
must be honest with that, if I knew that will be question I will have actually
also seeked clarity in terms of the shareholding of that also. I think that's the
15 situation.

CHAIRPERSON: And then in terms of the volumes of commuters that are
carried by the subsidised bus operators versus other unsubsidised modes,
can you give us a breakdown just roughly in terms of percentages, what
volumes of commuters are carried by the subsidised bus operators versus
20 the other modes, just very roughly?

SPEAKER: I think majority are being ferried by the subsidised bus
operations.

CHAIRPERSON: Percentage terms what will that majority represent?

SPEAKER: Can I guess?

25 **SPEAKER**: Chair I think Lebo is saying we may need to provide that
information in writing. We didn't anticipate the question would be provided
but the general picture in the country is that the taxi industry actually ferries
in the biggest part of the people. I am sure the programmes would not be
different because there are certain areas, the smaller town as we have
30 indicated in our submission that do not have buses or they would have just
one bus. So therefore, if you are looking at it from that point of view, you
would go with the national trend but we would request your indulgence
Chair, that we provide that and [indistinct] to the Commission,

10 **MS. NONTOMBANA**: Can we have that information over time, over a number of years and not just in one year but we will give you the details.

CHAIRPERSON: Perhaps we could look at a series of maybe three years or even four years or five years.

SPEAKER: Maybe I just need to get this question very clearly. You want us
15 to compare the bus subsidise and unsubsidised buses only, not the taxi industry I hope so.

CHAIRPERSON: It will be all unsubsidised modes and it's taxis and you don't have a vague idea obviously in because what we have picked up is in some provinces, some modes of transport are in decline, for instance rail in
20 the Western Cape. It's subsidised but it's actually in decline because of in terms of usage because of a myriad of challenges associated with rail committee. Challenges have been raised by commuters themselves in respect of some of your subsidised operators like no shows and the like so we want to see whether that also impacts on volumes in terms of usage by
25 commuters. Ja, certainly I have got two questions but I would just like to get your views and this will definitely be the last question from me on the IPTN model that is intended to be rolled out by the city of Mbombela because as we discussed with the city yesterday, their model here has got some unique features from the other provinces and some of them nuts and bolts or nitty
30 gritties of the model still have to be worked out by the city as well as the affected operators. Some of the unique features include the fact that the Mbombela model for the roll out of IPTN is going to be based on the current fleet that is used by the existing operators and details relating to whether or

10 not that fleet will be transferred to the vehicle operating companies or the
operators who will retain ownership of that fleet. So those details still have
to be worked out. I just want to get your reaction on the model of course a
couple of other unique features and what we discussed yesterday so I will
just like to get your view. I know that we are not the contracting authority but
15 it's just giving a view as people who are removed from the process. An
objective view of what your thinking is on the current model.

SPEAKER: Okay, let me start [indistinct]. I think in terms of RPTN's and
BRT, the minimum requirements in terms of national development plans that
must be complied to, if at least you go to the very light RPTN's you will look
20 at their operation that has got your HOV line rather than to have a detailed
kind of massive infrastructure. On the second issue, obviously when you
embark on the RPTN's you will need to establish a bus operation company.
It can operate within the control of the existing operator. There must be as
when you identify a corridor, that corridor must therefore link to that bus
25 operating company that is jointly owned by the existing operator if they opt
for that and the taxi but it will mostly depend on the market share and then
they start operating on that regarding how we structured them and we feel it
will follow that trend however, we accept if the forum that will be established
by the Minister which is inter Governmental relation agreement committee if
30 there will be other changes to that regard I hope where the city will therefore
come up with the proposal because there are couples of stakeholders in
that forum, Department of Transport, ourselves as a province, the district
and the city as well as the critical stakeholder which is the bus operation

10 and the taxi industry. I hope if there will be other things [indistinct] will be
brief.

CHAIRPERSON: Because the impression that we got from the presentation
by the city was that part of the thinking around the project is decongestion in
the sense that larger vehicles will be used and I assume buses mainly for
15 peak hour traffic in the IPTN corridor that have been identified and then mini
bus taxis will then mainly be providing an off-peak service.

Now part of the problems that have been raised with these model in other
areas where it has been rolled out is its inability to sustain the operators and
if for instance mini bus taxis are going to be providing mainly an off-peak
20 service, there are questions as to how that will translate for instance into
although all these details you understand are still going to be worked out in
terms of the revenue allocation within the VOC but there are all sorts of
complex issues which have been raised with us in terms of the other models
so that's why we wanted to get your as people who are removed from the
25 project, what your thinking is in terms of how this model is currently
structured for Mbombela.

SPEAKER: I think the trend internationally and nationally is that you will
have this agreement of integrating all the modes of transport in that
particular corridor identified. You will also look at the question of looking at
30 the market share of those operators. That is step number one. Now when
you have a VOC or bus operating company they will decide to say that the
main corridor, because all of them they are part and parcel of that bus
operating company. Then they will decide to say the main trunk is operated

10 by, like you said, you are by articulated and whatever but the feeders
obviously will be the taxis to feeder into the main trunk, that's happening all
over. The feeder will feeder into the main trunk but therefore because the
system, indicative integrating system will have linked this operation together
therefore those taxis will feeder into and therefore ferry people from the
15 deep rural areas and therefore bring them to the main trunks come to
Nelspruit, that's how I believe it should be because those feeder operation
will have that similar texting system that is integrated and therefore later
after the operation there will be a sharing of the fares in terms of the market
share percentage but we are still saying, we will wait for the other new
20 proposal in the committee and listen and then agree on that.

SPEAKER: Chairman, I think the [indistinct] factor would be their financial
modelling would have to be agreed to because how you then practically
ferry people from one point to another is not a critical factor. A critical factor
is what's in it for you to even consider that you are into the corridor and
25 therefore the option of looking at the bus operating company maybe
something that they would have to look at seriously was the retention of a
vehicle by an individual would lead to questions of whether or not this is
going to sustain me when in fact when you get a certain percentage
according to your shareholding then the issues of operations are left with
30 those who have got expertise on operations and that doesn't worry a lot as
a previous owner of a vehicle. I think from where I am sitting, those are
issues they would have to consider very seriously and once they are
resolved I am certain the operations would be very easy.

10 **CHAIRPERSON**: Ja, thank you, thank you very much gentlemen, Mr Moloji, Mr Gadesi, Mr Mudau and Mr Msiza. Thank you very much for your time and for your presentation and for providing quite detailed and helpful answers to our questions. Thank you very much, you are excused. We will now take a presentation from Thembaletu Bus Services.

15 [2:20:57]

CHAIRPERSON: Morning and welcome gentleman. Thank you very much for coming.

SPEAKER: Good day.

CHAIRPERSON: There should be piece of paper in front of you. You may
20 take the oath or the affirmation. I think it's that side.

MR MOLAPO: My name is Molapo from Thembaletu Bus Services. Chairman of the Board and the Director to as well. With my is my colleague Johan Bonthuys who is the CEO in our company as well. The Board has decided that we elect Johan Bonthuys to give a presentation in this
25 Competition Commission on how to integrate the passenger transport services in our area.

CHAIRPERSON: Thank you, Mr Bonthuys before you start if you could also take the oath or the affirmation.

MR. BONTHUYS: I have got no problem with that Mr Chair.

30 **CHAIRPERSON**: You may proceed.

MR. BONTHUYS: Must I stand up?

10 **CHAIRPERSON**: No-no, you can proceed seated.

MR. BONTHUYS: I, Johan Christiaan Bonthuys, 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, thank you, you may proceed Mr Bonthuys.

15 **MR. BONTHUYS**: Thank you very much Mr Chair, thank you Mr colleague and Chairman of our Board as well, Mr Louis Molapo. Mr Chair, I must say at the beginning that many of the things that I am going to say here today will only be a repeat of what has just been said by the province Department of Transport as well but first of all, thank you very much for this opportunity
20 that you have given to Themba lethu Bus Service, that is a bus company based in Emalahleni to do this presentation here today.

Themba lethu Bus Service is a paid up member of SABOWA, the South African Bus Operating Association and as such we support the principal points that Professor Jacky Walters has brought to the Commission at the
25 previous hearing held in Johannesburg on the 6th June.

We at Themba lethu are of the belief that the current land based public transport industry structures are outdated and needs to be brought in line with global trends. Funding or subsidisation of public transport is not a concept unique to South Africa. Funding or subsidisation can take on many
30 forms like in South Africa where certain bus services are subsidised but strict control is being enforced by Government on routes operated, time tables, number of passengers per trip, distances travelled, etc.

10 On the other hand, the midi bus taxi industry is not so prescriptively
controlled by Government and therefore this industry is indirectly subsidised
in the sense that they are required to provide monthly and annual financial
statements. Creative ways of insuring well loaded trips at times that they
decide on with minimum bookkeeping is a given. Saying all this,
15 Thembaletu's Board of Directors are still of the opinion that all modes
should be able to take a cut of the cake.

As far back as 2005 and 2006, we at Thembaletu have made proposals to
the different levels of Government to bring midi bus taxis on board into the
subsidy system and I have provided to the Commission those two proposals
20 that we made back in those years. However, it must be clearly understood
that Government cannot fund or subsidise two different services that are
operating in competition with each other.

Competition on subsidised routes should never be allowed between modes
or operators. Competition should be limited to long-term tender contract
25 systems that's currently prescribed in the Act. Funding or subsidisation of
public transport services should be to benefit the general public but not to
enrich individual operators. Proper and effective integrated transport
network plans, the ITP's that you have already talked about this morning,
including trains, buses and midi bus taxis should be compiled. I think many
30 of them have been compiled, I would rather say should be introduced and
make sure that it is being put in place.

Only buses and midi bus taxis participating in these transport networks
should be subsidised. In cases where midi bus taxis are involved in the

10 mentioned integrated public transport network, we should do away with the word, “midi bus taxi” and to replace it with the word, “midi buses”. Taxis rendering the old door to door service should be referred to as taxis and they should also be better controlled.

The subsidised bus industry should then consist of the following types of
15 buses: Mini buses that carries up to 25 passengers; midi buses that carries between 26 and 50 passengers per bus; rigid buses that carries between 51 and 90 passengers per bus, and then the articulated buses that carries more than 90 passengers per bus.

The idea as in many other countries in the world will then be that smaller
20 vehicles will feed passengers to main corridors where bigger vehicles or trains will transport them to places near their end destinations from where they will be distributed to their final destinations. A good example of such a system is the Gautrain and the Gautrain buses where passengers make use of the buses to be feeded to the trains that take them to their next
25 destination and at the end destination they are again distributed by the Gautrain buses.

The success of an effective, safe and affordable integrated transport system or network depends on the following three points:

The first of all and I think that was mentioned this morning by the
30 Department as well is availability of funds.

Secondly, well designed through ticketing system where passengers can use one ticket for their full journey including midi buses and trains, and

10 Thirdly, transfer facilities should be of the highest international standards to
ensure safety, not only safety but also speedy transfers as well as the
opportunity for passengers that change there from one mode to another to
do the necessary shopping as well. This will be the ideal opportunity as well
to get to the private industry involved. The focus must always be the end
15 user or the passenger. In most case he or she falls in the lower category of
money earners in our country and as such it remains our duty to ensure that
they give the best service when it comes to safety, travelling times, waiting
times, walking distances and up to standard facilities, etc.

As mentioned, Thembaletu Bus Service Board of Directors has already
20 more than ten years back made proposals that different modes of transport
be integrated into a well planned transport network. We have also
suggested that a pilot project be planned and implemented in our area in the
Highveld region of Mpumalanga as this area is small and controllable.
However, since then we never got any feedback from Government on this.

25 One of our proposals that has also been submitted to the Commission was
even co-signed by the then Chairman of the Taxi Association of
Mpumalanga, Mr Morgan Mabena, so we have discussed this whole idea
with them and they were quite happy to participate in the process. We are
therefore of the opinion that this Commission needs to get their final report
30 on the table at the soonest to ensure a better travelling future for all South
Africans. Thank you very much Mr Chairman.

CHAIRPERSON: Thank you very much Mr Bonthuys, Mr Molapo is there
anything that you would like to add to the presentation or any points of
emphasis from your side?

10 MR MOLAPO: As Johan Bonthuys has mentioned, we have been deliberating on this issue now in 2004 and 2005. Even now, nothing has happened but with it now we have come at the right time that we take this further so that we can preclude what we want to discuss about it. I thank you.

15 **CHAIRPERSON**: Before I hand over to the evidence leaders Mr Bonthuys and Mr Molapo. If you could just give us an indication of the number of vehicles that you have currently more or less in South Africa.

MR. BONTHUYS: Mr Chair, in total as a bus company, we operate round about 130 vehicles. On the subsidy system only 21.

20 **CHAIRPERSON**: So only 21 vehicles are subsidised.

MR. BONTHUYS: That is correct Mr Chairman.

CHAIRPERSON: If you could just give us an indication of the routes on the areas that are serviced by the 21 subsidised vehicles?

MR. BONTHUYS: The majority of the services, Mr Chairman, operates
25 between Phola Ogies to Emalahleni and then also from the suburbs around Emalahleni to town, that is Posman, Thlamagatle, Ackerville, all those areas town and then we have got a service also from Middelburg to Emalahleni. Sorry and I forgot one bus is operating from Rietspruit, thanks Mr Chair, from Rietspruit to Emalahleni on a daily basis.

30 **CHAIRPERSON**: And the other portion which is unsubsidised which more or less which areas are being serviced by the unsubsidised portion of your business.

10 **MR. BONTHUYS**: The rest of our services Mr Chairman is mostly operated for mines and for bigger employers so the majority is in the Highveld region of Mpumalanga but we have also got 20 – 25 buses in Northwest where we do services for two mine groups there as well as scholar services that we do for operators in that area that's leasing buses from us.

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

MR. LESOFE: Thank you Chair. If perhaps you could, just for the record, if you could start by unpacking your entities ownership structure. I know the previous presenters touched on that but if perhaps we could get it from you.

MR. BONTHUYS: Mr Chair, we are currently Themba lethu Bus Services, 20 51.25% black owned of which the main shareholder is Mr Louis Molapo, then we also have in the group in total, 26 if I am correct, it is just over 26, I think it is 26.5% black women owned and 6.25% youth owned.

MR. LESOFE: Thank you and for how long have you been in the market?

MR. BONTHUYS: Mr Chair, we started back in 1992 as Midbank Bus 25 Services and we started with Themba lethu back in 2002 and Mr Molapo is one of our partners since 2002 so it's for quite some years that we have got our Themba lethu Bus Service in the market as well.

MR. MOLAPO: Actually you started in 2000 and then you still have the trucks of which was difficult to operate which is Asesonge Truck Services 30 and then you ventured in the bus services, we then formed Themba lethu.

MR. LESOFE: And just to understand your service that you offer. So you have 21 buses that are dedicated to providing subsidised commuter bus

10 services, right and you mentioned that you also have contracts with mines,
is that correct?

MR. BONTHUYS: That is totally correct.

MR. LESOFE: Could you just explain to us your contractual relations, what
does that entail?

15 **MR. BONTHUYS**: Mr Chair, that is a question related to with the mines.

MR. LESOFE: With the mines, yes with the mines.

MR. BONTHUYS: Yes, what normally happens with the mines Mr Chairman
is they go out on tender and then you tender for a specific period which is
normally three years, sometimes five years and that is how it works in the
20 industry so all the other buses are on that type of terms. We have also got
short-term like civil engineers or civil people coming and they work for three
months or six months and you lease buses to them but the majority of the
buses that I have talked about is being rented out on a three-year term or a
five-year term to mines and other big organisations in our area of operation.

25 **MR. LESOFE**: And you also mentioned scholar bus services as well?

MR. BONTHUYS: Yes Mr Chair, only in the Northwest province at the
moment. We haven't got the contract with the Department of Transport
there so what we do is we just provide buses, they lease buses from us and
then we try and find solutions for funding so that they can buy those buses
30 and build their own businesses and the first one hopefully in the next week
or two will be finalised.

10 **MR. LESOFE**: And perhaps if we could just focus a bit on the subsidised
commuter bus services. From your perspective, what would you say are the
main challenges in relation to the current subsidy system?

MR. BONTHUYS: Mr Chairman, I think it was mentioned earlier that I think
the smaller provinces like ourselves, do not get the same type of subsidies
15 that you will get in the bigger provinces so it all relates back to money. I
think the subsidies that we get in Mpumalanga per bus and I cannot talk for
the other operators, I can only talk for Thembaletu, is much lower than
what you will get in Gauteng for instance because previously I have also
worked for Putco, I have a very good idea, that's back in 19, I must now
20 think, 1996 – 1997, many years back but I know what they got at that stage
so it's much lower and so funding is the major problem and to survive
financially is quite a challenge.

MR. MOLAPO: Can I perhaps say something. With the expansions of the
townships or the locations, we don't get subsidised for the extra that we are
25 travelling, we only log the kilos that we have registered with the Department
of Transport and when the townships expands, we are not getting those
kilos that we have travelled, that is another challenge that we are facing
now.

MR. LESOFE: Sure, actually my follow up question was in relation to that
30 because we have heard from other bus operators that the current schedules
and routes are outdated and they don't fully respond to the needs of
commuters and I guess your point that you are now forced to extend your
routes is that what you are doing currently to respond to the developments?

10 **MR. MOLAPO:** Yes, that's correct.

MR. LESOFE: And what has been the impact of that on your business because then if you could talk about how you cover the additional costs, do you charge the same fare and to what extent does that affect you because I assume you don't get any subsidy for in fact, that is what you have just said,
15 you don't get any subsidy for the additional districts?

MR. MOLAPO: Our businesses are dying a slow death due to that but because we are actually carrying those kilos on our own with our own buses, we don't get the reimbursement on those number kilos that we have travelled so that is the only challenge that we are having but we have no
20 charge extra a month for that, we are still charging the very same amount that we have been charging before the pillars were shot.

MR. BONTHUYS: If I may Mr Chair, also add to what Mr Molapo has said. I think we and the taxis are sitting in the same boat at the moment when it comes especially to the increase in the fuel prices at the moment and we
25 heard earlier where somebody mentioned here with Putco went up with 8% and thereafter another 6% and I am sure that would have been due to the fuel price increases where we all knew what happened this year in South Africa with that. Now we have also got a policy, we only go up once a year in our tariffs so we carry that cost and if you don't make it you must cut on
30 another cost to survive and that's the problem you are sitting with. I can just mention that the average increase in subsidies this year was just around 4%. We have, and that's about 50% of your income on the subsidised routes so if you go up with another 8% which we have increased this year

10 on the passenger, that gives an average increase on those services of 6%,
just to make a figure. In the meantime the salaries in the industry and it got
mentioned I think as well, we do not have a choice, we are part of the
SAPAC Agreement so its 8% for this year, 9% for next year already agreed
on, the fuel prices goes up, we all know what's happening with the Rand so
15 all imported parts are very expensive so during the year you must cut on
something else to make sure that you still survive up to the end of the year
and that is the unfortunate situation that you sit in.

MR. MOLAPO: Actually the CPI is sitting at 4.7% and they give us 3.2% this
year.

20 **MR. LESOFE:** Thank you and in terms of your relationship with commuters,
do you generally receive any complaints from commuters and if so, if you
could just take us through the nature of the complaints received and how do
you go about addressing such complaints?

MR. BONTHUYS: Mr Chairman, I wouldn't like to say it but I think we are
25 rendering a very good service to our passengers, we have got regular
meetings with them, we sit with them when it comes to price increases once
a year, we have got a complaint register, I had a look the other day, I think
our last complaint was in January that we had a complaint so we are in the
lucky position, we are very small when it comes to the number of buses we
30 can control it very well and I think we render a very good service so to
answer that question is very difficult into the number of complaints coming in
but if there is a complaint, it is immediately handled and we give feedback to

10 the passenger at the soonest. The major things comes in when you start discussing tariff increases.

MR. LESOFE: And perhaps if you could just briefly take us through your processes in relation to tariff increases, the kind of engagements that you have with commuters and who represents commuters in those
15 engagements and how do you initiate your negotiations with commuters and to what extent do commuters influence the ultimate fare?

MR. MOLAPO: Actually our passengers have got a committee that is representing them and they report to our operational management and then once during this time of fare increases we will engage with them until they
20 are satisfied and they usually come to a depot, sending not all the commuters, only a small number of commuters that is representing them until it is resolved. Sometimes it take long but eventually ended up resolving.

MR. BONTUYS: If I may further on just add to what Mr Molapo has said,
25 we also communicate to the passengers through pamphlets to inform them well in advance, we normally go on the local radio station there to talk to especially household employers to inform them that there will be an increase so that they can also look at the status of their domestic workers especially. For the bigger employers we send out notices that we increase
30 fares so that they can also look at that when it comes to the increase of the salaries of their staff.

CHAIRPERSON: Thank you Mr Lesofe, Mr Ngobeni? Ms Nontombana?

10 **MS. NONTOMBANA**: Thank you, two questions, the one is on the concerns
you raised regarding the funding for bus operator but specifically for yourself
and I wanted to find out whether you have rationalised any routes as a
result of the difficulties you may face regarding operating all of the roads
that you have including your unsubsidised as well as your subsidised
15 routes?

MR. BONTHUYS: I am not sure that I understand the question?

MS. NONTOMBANA: Okay, let me explain. What I mean is, when we spoke
to other bus operators in other provinces, what they said is that because of
their challenges that they have, they have had to rationalise their roads
20 meaning that their roads that they no longer operate as a result of the
operations not being sustainable.

MR. BONTHUYS: Mr Chairman, no fortunately, we didn't have to do any of
that, we are sustaining all the routes for I would say the last 12, 13, 14 years
nothing has changed, it is exactly the same and as Mr Molapo has said, the
25 problem is, we cannot expand unless we do it on our own cost because we
don't get additional funding for any additional routes being implemented.

MS. NONTOMBANA: And then another question I have is with regards to
your submissions on possible transformation in the industry, that is bringing
in small operators and I wanted to just get your views given what you heard
30 in the previous presentation from the province?

MR. BONTHUYS: Thank you for the question through you Mr Chair, I think
that we at Thembaletu are ready for this for a long time and we have asked
for that already back more than ten years back that it must happen. Apart

10 from that out of the subsidy system we have implemented certain things that
I think is important that I mention it here. In the Brits area we got a contract
with Riven Mine with five buses, we have ring fenced one of those buses
when the first portion of the contract started about six years back. In the first
period the partners that we have on that side is five black people from that
15 area, local people, they haven't been involved in the bus industry. We have
helped them through training and everything. They have paid up their first
bus. Riven Mine awarded the tender to us without going out on tender again
because of the success of the project and they are buying two more buses
at the moment for themselves so we are very proud of that project. In the
20 area where we are talking about Mpumalanga, we have got a very good
relationship with the taxi associations. Mr Molapo previously and he is still
involved in the taxi industry as well in the Emalahleni area. In the Phola area
we have got a very good relationship with the taxi with Opkabe and so much
so that we have entered into a joint company where we have already got
25 four buses in where we operate together and I am sure that that will grow
within the next year to more than ten buses so yes, we are already busy
with things like that to help. Not only bus operators but also the taxi
operators and people not being involved in the industry to get involved.

MS. NONTOMBANA: So going forward do you then see a possibility of
30 having enabling environment for smaller operators to tender successfully
when the contracts go on tender?

MR. BONTUYS: From our side we are more than willing if they are not
successful to take people in and to ring fence certain services. I think we

10 have got the experience now and we can do that successfully so we are
willing to do so.

CHAIRPERSON: Thank you Ms Nontombana, Mr Mandiriza.

MR. MOLAPO: We actually forgot to mention one in Middelburg so when
we were running Arnot Power Station, we are actually used Quantums to
15 the taxi operators in Middelburg so they are operating with us at Arnot
Power Station.

MR. BONTHUYS: That's what you must have a younger Chairman than
what you are, he remember better than you do.

CHAIRPERSON: Just one last question from me, how many depots do you
20 currently have?

MR. BONTHUYS: We have got two Mr Chair, we have got one in
Emalahleni in Ferrobank and then we have got Dormi Depot at Mooinooi.

CHAIRPERSON: And then the entire industry, the bus industry, how many
depots more or less does it have?

25 **MR. BONTHUYS**: No Mr Chair, I don't know there. Are you talking about the
total industry, no I got no idea.

CHAIRPERSON: Commuter yes.

MR. BONTHUYS: We have only got two, I wouldn't like to say anything on
the industry.

30 **CHAIRPERSON**: No thank you, thank you very much Mr Bonthuys and Mr
Molapo for your time and your presentation. Thank you, you are excused.

- 10 We will take a short tea time break and then at 12 o'clock receive a submission from the National Taxi Alliance. There is tea outside just next to the front exit been served so we will take a break and we will be back at 12 o'clock.

10 SESSION 2

CHAIRPERSON: Will you please switch off the music? Ja, we will now resume after the tea break to receive a submission from the National Taxi Alliance. If Commission officials can please assist us to have the representative
15 of the National Taxi Alliance, so that they can take their seats.

BREAK IN RECORDING

CHAIRPERSON: Can we start? Are we ready at the back? Welcome gentleman, thank you very much for coming. If you could please take the oath or the affirmation? There should be a piece of paper in front of you. Yes, you
20 may take the oath or the affirmation, read the oath or the affirmation. Please switch on the mic as you do so.

MR. MABASO: I, Mr Moebane Ezekiel Mabaso, swear that the evidence that I shall give shall be the truth, the whole truth and nothing but the truth, so help me God.

25 **CHAIRPERSON:** Thank you very much Mr Mabaso. You may hand over the piece of paper to your colleague t also do likewise.

MR. MATHALANE: Thank you. I Dusti Mathalane, swear that the evidence that I shall give, shall be the truth, the whole truth and nothing but the truth, so help me God.

30 **CHAIRPERSON:** Thank you Mr Mathalane. I think we should first start with introductions Mr Mabaso and Mr Mathalane. If you could just first start with what

10 your current position or role is within the NTA, and then after that you can then present your submission.

MR. MABASO: Thank you very much. As I have indicated my name and surname, I am the Chairperson of Mpumalanga National Taxi Alliance, residing at Delmas, but the Chairperson of the province. Thank you.

15 **CHAIRPERSON:** Thank you Mr Mabaso. Mr Mathalane?

MR. MATHALANE: Thanks very much Chair. I am co-ordinator of Mpumalanga National Taxi Alliance, residing at Bush Park Ridge, serving under the office of my colleague here, the Chairperson, Mr Mabaso. Thank you.

CHAIRPERSON: Thank you, Mr Mabaso, you may proceed with your
20 submission.

MR. MABASO: Thank you very much. Point number one – licencing, route allocations and entry regulation.

1.1 Licencing: All the Taxi Associations are registered in the province of origin and regulation and controlled registration process, catering for the
25 registration of Taxi Association, route operated by the association and members of the association, and that process regulate membership and the operations.

B) Failure by the Government to finalise the registration process is a source of conflict and dispute over the routes that have not been finally allocated to
30 particular Taxi Associations. This failure is also a fertile ground for corrupt officials who fraudulently allocate some routes to more than one taxi association.

10 D) For the purpose of licencing, operators are required to obtain recommendation letters, as mandatory prerequisite support documentation from the association, and concurrencies from their Metropolitan Council or Municipalities before submitting their application to the Provincial Regulatory entity.

15 4) Adjudication, freedom of association is a right and reach in the constitution of the Republic of South Africa to be enjoyed by all citizens. This right has been [indistinct] violated by Provincial Regulating Entity notable but not limited to North West and the Free state Province, who insist that taxi operators must proof affiliation to SANTACO before they can be sent, negating the fact that
20 they may be a member of the National Taxi Alliance. These officials are obviously of the fact that we do not have a legislated statutory body in the taxi industry.

Taxi operating licence. Applicants experience undue delays from municipalities and metros when seeking concurrencies due to the whole host of flashy
25 excuses such as that they have not concluded their integrated transport plan [indistinct] lack of space. Most of metros and municipalities by virtue of operating metro or municipality busses are directly competing with taxis and it is therefore unfair and anti-competition to expect them to issue concurrence letters in support of their competition. In this instance they are both referee and the
30 player. As opposed to other licence businesses, taxi operating licence don't have an economy business value that is tradeable as per the market value of the business, determined through asset and a good will.

10 Route allocation. Taxi routes are allocated in accordance with the registration
of the taxi association at the initially registration phase. However, it must be
noted that there are some taxi route allocated disputed, that remains
unresolved, since the inception of the registration process. Due to the antipode
of Government officials, this is no framework to guide the allocation of new
15 routes arising from the development of the new resident areas or shopping
malls, and this lack of clarity result in [indistinct] conflict, and that are unfair.
Conflict [indistinct] are unjust. Reality is that the said new development are
developed along and adjust routes allocated to an association or in an area
operation by association and that proximity must favour to the affected
20 association. The prevalence of duplicated route which are the main source of
the violence conflict is caused by the corruption and negligence by the
Government officials. Government seem to be unable to conclude the
registration process in order to stand the tide of the conflict over the route. Taxi
association regulate entry, exit and operation in their localities guided by their
25 Constitution and the applicable legislation.

Operating licences moratorium. Some provincial regulatory entry do not accept
new taxi operating licence application, claiming that there is a moratorium in
place on a new taxi permit, however when challenged to pronounce the said
moratorium they are unable to continue pronouncement of this illegal
30 moratorium presence and winnable case for the chapter 9 institution.
Government fail to appreciate the fact that application for new taxi permits are
driven by increased demand for transport, mainly in the urban area, due to the
sharp rise in an abomination of the commuter from the rural areas. The taxi
industry suffer double jeopardy in this assumed moratorium. Firstly, for the

10 reason that the said moratorium is a discriminatory applied to the taxi industry
only and does not apply to any other mode of transport. Secondly, taxi
operators are consequently forced to operate illegal taxis, exposing them to
abuse by the law enforces. The mini bus taxi industry interject with the notion
that taxi operators are an easily applied for additional permit to overtake their
15 market. Taxi association jealously guard their operation and only add more
taxis in response to increase demand they cannot ignore.

Price, regulation and price setting mechanism. For all models of public
transport, all passenger transport service provide are required by the
economical scale to change market related fare in order to provide a good
20 passenger transport service that is safer, comfortable and affordable to the
users. More often than no taxi association does not use economical metrics as
fare setting mechanism. Instead they set their fair below their closest
completion, the busses. While negating the fact that busses are subsidised and
that the busses fare is neglectable portion of a subsidy fare. The mini bus taxi
25 industry, by virtue of being the biggest people mover in the country, it is
deserving a recipient of public transport subsidy. However, the industry has
been discriminatory excluded from the subsidies perfectly in favour of less
deserving moves. This is unfair competition to the converting models of glaring
discriminating to the taxi users. It is the responsibility of the Government to
30 assist its citizen to afford the public transport in carrying out their social and
economic activity in this regard. Government has allocated its responsibility.
The fact that 70% of the community public choose taxi of the preferred mode of
public transport, leave Government with no choice but to assist the taxi user to
afford market related fare.

10 Allocation of operational subsidy and its impaired on its competition inter model
competition. The fact the mini bus taxi industry, as the transport of choice for
more than 65% to 70% of the community public, has been left out of the public
passenger transport subsidy, is not only unfair but unconstitutional. In the
apartheid era, the mini bus taxi industry was treated as the step child of a public
15 passenger transport system, which treatment is the consensus of its pledging
behind in transforming and formalisation. It is a sad reality that in the democratic
Government era, the same taxi industry is still treated less than the step child
scenario, and yet expected to compete with other mode while not given an
adequate resource and [indistinct] legislation for its to be apart with other mode
20 of public transport. It is a simple economic reality that an unsubsidised mode of
transport, mainly used by commuter who cannot afford to spend more than 10%
of their disposable income on transport, will not compete at the same level as
the mode of transport that are heavily subsidised. [Indistinct] Government on
the modalities of subsidising taxi, we are on record pleading with Government to
25 instead of subsidising mode of transport, Government must subsidise the
commuter, thereby giving the commuter freedom to choose the public transport
mode of their choice. This is not only the end of a current discriminative form of
subsidy but will enforce service providers to improve their service for a better
safety and a customer care record.

30 Transport planning. Challenge is the implementation of integrated public
transport network. The mini bus taxi industry is a victim of the Government
failure at the local level to produce a finalised transport plan, an integrated
public transport network plan. This failure effectively rendered the taxi industry
unable to plan its future, making longer term investment and attract investors

10 necessary for developing of the taxi industry. We are left [indistinct] as to be
reason behind the delay in the finalising the transport plan, given the
abundance of the resource at the Government disposal. Integration of public
transport network cannot be realised before the model playing field have been
levelled. The bus transport system enjoy a huge infrastructure finding from
15 Government, dedicated exclusive mobility lines, modern facilities and
technology funded by the Government. And it also enjoy a huge operation
subsidy whereas the mini bus taxi are totally excluded. Why do we have this
system over a relatively better transport system to the commuter because of the
Government's financial assistance. It must be noted that at the rate this BRT
20 system are funded by Government, they may not be sustainable in the future,
and ultimately Government would be forced to [indistinct] them and
consequently the taxi industry would have been short changed into handing
over its invention in a platter to bigger public transport co-operate empowered
through the apartheid era. We therefore conclude that integrated public
25 transport rapid mobility and public transport model integrated, able to reduce
travel times will not happen until there is [indistinct] of the model of public
transport. Transformation in the public transport assessment of the
transformation levelled across the value chain. Lack of transformation public
transport, it's a reflection of the lack of transformation of South African society,
30 racially and its economy classes. Transport models are advent catered for
different social classes with very race democracies. This [indistinct]
demonstrates affordability, making it easier for Government to gauge its
intervention requirement. In the very chain ownership, the supplier remain
wide, and which the consumer remain black or poor, reflectively a lack of

10 transformation programmes necessarily for economic transformation. The
above is clearly demonstrated by the municipal state owner calling themselves
an industry, while owning only a fare which is constitute and neglectable
percent of the value chain. Financial institution are largely to blame in lack of
transforming in the industry, in the taxi industry value chain, and ownership in
15 that they have stubbornly refused to excess to acquisition funding the taxi
industry while they continue to make millions of Rands through the taxi financial
and transaction revenue. Ownership of pattern in the taxi industry value chain
must change to reflect the racial democratic of both the consumer and the user.

The impact of the BRT implementation of the rural operating licence. BRT
20 enjoys unfair preferential treatment over mini bus taxis. Taxi operators go
through a long and protected process to obtain operating licence which is not
the case with BRT. The National Land Transport Act number 5 of 2009, limit
the validity of operating licence to a minimum of 7 years. Yet, the BRT
operating licence are valid for 12 years in line with the BRT contract. The 7-
25 year operating licence validity is impediment of a long-term investment in the
taxi industry. In [indistinct] that that had to be contracted in Government enjoy
legislation support to opt not to renew existing operating licence in that era, is
this weakens that taxi industry capacity to negotiate a compensation value
when BRT is implement renewal of taxi operating licences in BRT
30 implementation area is subject to the future transport plan of the area which
means taxis exist at the [indistinct] of the BRT system.

Access to the financed taxi operator. Cost of a finance is too high for a taxi
operator hence the high rate of repossession, lending rates are exorbitant
ranging between 14 to 28% depending on the financial institution rating. The

10 financial institution approval caucus are heavily loaded against taxi operators
being approved hence the taxi industry's failure to replace aged taxi's that are
either safe or economical to operate. Given their almost identical approval
rate and deadlines concludes a suspicion cannot be ruled out. National Credit
Act legislation in its intended objective of protecting consumer against
15 [indistinct] financial institution to hide behind its reckless lending provision to
delay taxi operators finance when it suits them. As a politically interest group
we would want to double into politic but equally we cannot avoid suspecting that
this might be consequence of [indistinct]. Millions of citizens controlling an
economy of 54 million citizens financed by only 4 major banks.

20 Access of infrastructure and terminal facilities. Taxi ranks throughout the
countries largely remain [indistinct] concrete jungles to fit for human habitation
in the 20th century. On 8 November 2017 the National Taxi Alliance presented
a memorandum of grievance to South African local Government association,
highlighting this anomalies and demanding correction action. We are still
25 waiting. Taxi operators have limited or no control over taxi rank that are owned
and to greater extent controlled by metro's and municipalities. Advertising and
trading venue at this rank exclusively benefit metro's and municipalities at the
exclusion of the nuclear of the taxi rank business hubs that taxi industry. Lack
of modern ranking facility withholding areas and other necessary facility
30 [indistinct] formalisation and development of the industry. Rendering its
unattractive to investors and its long terms users.

Contracting relating to bus operators. Long term contract which have been, not
been subject to comitative binding, even green contract entered into during the
apartheid era still exist at the exclusion of other role players in the public

10 passenger transport sector. These contracts are both illegally,
unconstitutionally, but they continue to exist. We have request copies and other
information regarding this illegal contract and agreement from both National
Department of transport and Gauteng Department of transport, not to avail. We
have now activated the [indistinct] legislation to assist us with access to
15 information with the view of challenging the legality of those contract and
agreement. We are desperate to access the contract and the agreement
information before issuing of the new bus contract tender, and awarding of such
tenders. We believe the Competition Commission, using the legislative power
vested with it may assist to expedite access to the information of the Ever-
20 Green contract and agreement and any other information pertinent to this
matter.

Commuter experience waiting time. Cost of the public transport. Walking
distance to a public transport facility. Taxi commuters through the systematic
discrimination of the taxi mode of public transport, do not have a good public
25 transport traveling experiences. It is all what I can say and present on our side.
As we see this, it is really affecting us on a serious note.

Lastly, taxi are estimated to be transporting 60 million passengers on one-way
journey daily, but are not given mobility enhancing dedicated lines, and that has
negative impact on their traveling experiences. The taxi industry mainly cater
30 for the poor and consequently the poor cannot afford market related fare,
determined through universally accepted public transport service provides.
Cost calculations hence the cries for Government to subsidise taxi passengers.
Waiting time are lengthened by dedicated lines and targeting of taxis by law
enforcers to stop and search during peak hours, resulting in unnecessary

10 prolonged trips. Due to the uncorrected apartheid [indistinct] residentially
planning taxi, in many instances, are forced to walk more than 500 metre to
catch a taxi irrespective of the weather conditions.

Age and fitness of a commuter. Taxi facilities are ideally located for
convenience of a passenger. Thank you very much.

15 **CHAIRPERSON:** Thank you Mr Mabaso. I see your colleague has joined you,
we would also like to welcome him. If sir, you could just state your name for the
record, and you may also take the oath or the affirmation.

MR. NKOSA: Thank you Chair. Apologies for being late. My name is Robert
Nkosa. I am the public relations officer of Mpumalanga National Taxi Ranks. I
20 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 Nkosa. Mr Mathalane and Mr Nkosa, anything
you wish to add or points of emphasis in the presentation made by Mr Mabaso?

MR. MATHALANE: Thanks Chair. Up to so far, I think he spoke mouth fully
25 and that is what we have agreed upon. Thanks very much.

CHAIRPERSON: Thank you Mr Mathalane. Mr Nkosa, any points of emphasis
from your side?

MR. NKOSA: No sir, I can't say more. The only thing that I can just tell the
house, we have been waiting for results many years. We've been crying from
30 the Government about the public transport, because the delay, what the
Government are doing to the Public Transport Taxi Industry, we see that is not
fair. There is busses subsidised, taxis are not. And at the same time other

10 public means of transport are well taken care of but not the taxi industry. And at
the same time, as a National Taxi [indistinct] in Mpumalanga we also want the
Government to help us. Maybe the Commissioner will help us. There are two
national structures in South Africa on the taxi industry which is SANTACO and
National Taxi Ranks. But the problem, both parties are not referred fairly
15 equally. So, we ask the Commissioner to resolve it and make it equally treated
and fairly. I think I can't say more today, but we wait for the Commissioner to
come back to us and tell us the way forward in future. As long as the industry
will benefit, even our commuters will benefit. That is what I can say today.
Thank you.

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

MR. NGOBENI: Thank you Mr Chair, and good afternoon Mr Nkosa, Mr
Mathabalane and Mr Mabaso. I think maybe let me just start with the issue that
you raised Mr Nkosa, in the issue of unequal treatment. It was also raised by
Mr Mabaso, indicated that the issue of freedom of association is very important
25 and that in other instances there is a requirement to proof affiliation to
SANTACO, when your members apply for operating licences. But what I am
more interested in finding out is, with respect to this province, and in your
engagement with this [indistinct] in this province, what has been the experience
of your members with regards to that particular issue? Are you also
30 experiencing the same issue? Are your members also experiencing the same
issue that you've raised? Which is being the issue of unequal treatment with
particular reference to this province.

10 **MR. MABASO:** Thank you sir. Yes and no, but unfortunately the
Department have changed the Pre's. Now we have a new Pre which he is
about a few months with him. We only started to feel much comfortable since
we got a new Pre manager. Previously we had some Pre's in the office, but I
will tell you the truth, many [indistinct] to many associations created by this
15 unfairly treatment by the Government. At the same time there was a time when
you get into the doors of the Department, they will ask you "Are you under
SANTACO or NTA?" If members being asked those questions, it would create
a problem when he answered that "I am from the NTA" they will say go to the
SANTACO and get the approval letter then we can help you. At some stage
20 there was a letter from SANTACO from the to say that no association will
register any member without their permission, which that was not fair. And at
the same time the Government offices implemented that but SANTACO did not
sit with us at the table and explain that to us. So, it was not okay. And at some
stage each association out of all the associations in Mpumalanga, if one
25 association belong to NTA, the SNTACO people will encourage few members of
that association to be against the association, and they will consider that
association belongs to them. We know, we all have been on the SANTACO,
but the ignorance, the treatment that we have been receiving all these years,
was not okay. That is why even the Act allows freedom of your choice of your
30 association. That is why we've withdrawn yourself from the SANTACO. But if
you withdraw yourself from the SANTACO, make sure that you will feel the
consequences of it. Which makes us most of the associations in Mpumalanga
in conflict. You will find 90% of the members are under a certain structure
between SANTACO and NTA. Only 10% or 5% would belong to SANTACO,

10 but those 5 or 10% will fight the association as a whole. Anytime that those
10% of the members go to the SANTACO offices or the Government offices,
they take themselves, forgetting that about 90% of members are suffering.
Thank you.

MR. NGOBENI: Thank you. Just on the question of the moratorium and Mr
15 Mabaso indicated that the complaint there is what you referred to as an illegal
moratorium which they can't produce anything the proof the moratorium. So,
what I am more interested in finding out is with regard to this. We heard today
from the Department that the moratorium was lifted in 2016. Are you saying
that the moratorium which was lifted in 2016 was an illegal moratorium? I am
20 now referring to this province.

MR. MABASO: The issue of moratorium it was illegal because from the
onset of the whole system of moratorium, even today, there is not even a piece
of paper confirming that. We were just getting that on a verbal status, that you
cannot apply because of this. Hence, we have indicated that the issue of 2016,
25 I would like also to get into that fact that, especially at Mpumalanga, it was open
for applications from then, but in our view the issue of moratorium it still persist
in this manner. Out of 100 people which applied for new applications, over 70%
had been rejected. On a very badly side, not even informing the member that
your application had been unsuccessful, forgetting one thing also, when you
30 submit the application, you pay R300 for that application, and if it fails, there is
no refund, there is nothing. You get when you make a follow up. In other
words, the way we view it, we view that it seems it was just a window opening
for uplifting it, but initially it is still there. If over 100%, 70% is going to be
rejected and 30% or 20% approved. What does that mean?

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

CHAIRPERSON: Mr Lesofe?

MR. LESOFE: I don't have questions Chair, thank you.

CHAIRPERSON: Ms Nontombana? Mr Mandiriza? No, I would just like to get your views as NTA on the ... for present purposes, let's call it the BRT system
15 for the city of Mbombela, which is being planned to be rolled out. What are your views broadly about that system and are your members also affected in terms of ... we understand that there are routes which have already been identified for the roll out of that model, are your members also affected, and what are your views and thinking around this model?

20 **MR. MABASO:** Thank you. The issue of BRT let me start by saying, where the BRT started, it has ripped off the taxi industry. We are talking about Gauteng. Most of the operators which were operating that route, the way it was introduced, BRT is an elephant which up to now, it is not really clear explanations and what's going to be the participation of the owner of the
25 operator which were operating in that route. And yet the hear-say said the operators are going to benefit. Initially what I want to say, as long as, if you take the second one, which is Pretoria, the area, I am close to Pretoria knowing a bit what's happening. Operators at Pretoria, BRT in Pretoria and BRT in Gauteng, in Johannesburg, are not the same, and people are not benefitting the
30 same. People at Pretoria are benefitting at their best. Their operating licence, it's got a market value payment in which it give, when you enter into that kind of thing, you know what is happening, and the taxi industry leadership are leading the process. So far in other places as we are talking at Mbombela, our

10 operators, our associations are affected. The major thing, even the NTA, it's not a partaker in the negotiations and that thing on its own it tells that our member not represented, the elephant which we are talking about which is the BRT members, not knowing how it is going to work, how they are going to benefit, how they are going to lose and so forth, lack of that information.

15 **MR. MATHALANE:** Ja, I want to add on that issue of BRT. Our challenge is that as the Chairperson has alluded, that we are not part of that negotiations. It role up down to our member on the ground. That gives us a doubt that our members are going to benefit on so-called BRT. Remember as a structure, we lead a lot of people. We think maybe if it draws down, it will
20 benefit all the members, from the owner, up to the leadership. But now, what is happening in other provinces, it looks like it only benefit the leadership, and leave the owner on the ground, that is our marshals, I mean, the owners of the taxi industry itself, they need to benefit. So that is why as long as we are not part of this negotiations, we are left out with more information so that can make
25 us to understand we are we going, so that if we take the information down to our member on the ground, we must have a clear, clear, clear mandate from the Government that say that what are the benefit as the members. Thank you Chair.

CHAIRPERSON: My second question which is the last question, relates to the
30 volumes in terms of commuters or passengers, roughly, in percentage terms, which are carried by the subsidised commuter, bus services or industry, in comparison to the volume of passengers carried by the mini bus taxi industry in this province. Because I think we seem to be getting inconsistent information from the various stakeholders in terms of the split between subsidised

10 commuter bus services, in terms of the carriage of passengers or commuters
versus the mini bus taxi industry. In percentage terms, in your view, what is the
picture? How does that split look like?

MR. NKOSA: Thank you sir. We believe about 7% of taxi industry transporting
commuters and believe me if it happens that we get the subsidy as the taxi
15 industry, busses will suffer. Because coming to the prices of the bus compared
to the prices of the taxis, busses are almost in line with us, but are subsidised.
If taxis get subsidies, obviously commuters will benefit more, because the price
on the high is as where we are now. We are blessed because we think of our
commuters, we are in the same level, and always the increase in price of petrol
20 and diesel, but from the commuters, wherever they work, companies don't
increase their salaries, but we always increase. The bus increase, we increase
in the taxi industry without subsidy, they increase prices, but they've got
subsidy. That is all I can say. Thank you.

MR. MABASO: Can I add something? When you are talking about the
25 percentage of the commuter, although I will never, I am not going to be specific,
but what I can indicate, there are areas where there is no bus at all. There is no
bus at all. That tells that the taxi industry they are carrying the big volume in
that one. And when you are talking about the issue of ... let me indicate as in
Mbombela. In Mbombela it's got a very big number of busses, very big, yes that
30 on its own it might imbalances, but what I can say in a nut, there are most areas
where there is not even a single bus in that area, there is a lot of them, and if
you can put that together, it might reach to what my colleague have said.
Thank you.

10 **MR. MABASO:** Thanks, when you talk about subsidy, you touch my heart
because as an industry you will remember that we are mostly disadvantaged
people in South Africa, and this industry it started by us as African and we never
have a subsidy, and it becomes very difficult for us giving service to our
communities. All over where we are. And at the end of the day you'll find that
15 we don't comply mostly in what the Government needs, and it finds ... or it
becomes very difficult for us to sustain in this business, and e leave with it. I
think if we can have a subsidy, that would be our backbone, because now we
are just living without a backbone. No support at all from the Government. If I
have got [indistinct] in my pocket, I manage to go and buy myself [indistinct]
20 have to see to it that I look after it. If I fail I am out of that industry. So, we think
and believe that if the Government can maybe provide us with a subsidy, that
can make us sustain as a taxi industry. Thank you.

MR. NGOBENI: I think I just have one question. Yesterday we received
evidence that because of the oversaturation of the mini bus taxis, other taxi
25 formations have stopped recruiting additional members. I just want to get a
perspective from NTA side, whether you have the same kind of strategy?

MR. MABASO: Thank you very much. We are sharing the very same
sentiment. Yes, although there is a challenge of development, but we are
sharing the very same sentiment. Thank you.

30 **CHAIRPERSON:** Ja, thank you very much ...

MR. LESOFE: Sorry Chair, before you close, there is just one follow up about
the BRT system. So, yesterday the city informed us that it has produced an
operational plan which essentially it is the city's proposal in terms of BRT, what

10 shape it should take, I just want to find out if ... and this plan has been shared
with the parties that are likely to be affected, I just want to find out if your
members have seen the plan? The operational plan.

MR. MABASO: No sir, we didn't see it.

MR. LESOFE: Okay, thank you Chair.

15 **MR. MATHALANE:** Chair, can I add something before you close? If we go
back a little bit, we have got another challenge that for us as National Taxi
Alliance, if you can allow me because it just came while you were talking, that if
the Commission can assist us in terms of maybe if we write a letter and invite
maybe to see the NEC or whoever in the Department, it becomes difficult. You
20 might find you propose a meeting with the NEC today, you might not even get a
response from the office of the NEC. It might take you another 3 to 4 months
waiting for the office for the NEC to respond, and hence we have got challenges
as the leader, because people are pushing us behind and they want to know
what is going on, especially when we are in operation. So maybe this
25 Commission can assist us in terms of speedup this challenges that make it
easier for us as industry to able to access the office of the NEC, thank you.

CHAIRPERSON: Thank you. Thank you very much Mr Mabaso, Mr Mathalane
and Mr Nkosa for your time and for taking your time from your businesses and
for coming here to make your presentation. We really appreciate that. I thank
30 you very much. We will certainly take up the issues that you have raised in your
submission with the relevant stakeholders. Thank you very much. We will take
a presentation from the Greater North Commuters Association. This
presentation will then be followed by a presentation from SAMCO, afterwards

10 we will take the lunch break. Welcome gentleman. There is a piece of paper on the table in front of you. You may take the oath or the affirmation before you proceed with submission. And switch on the mic as you read the oath or the affirmation.

MR. NYAKANI: Thank you Chairperson of the session. I, Nyakani Walter swear
15 that the evidence that I shall give, shall be the truth, the whole truth and nothing but the truth, so help me God.

CHAIRPERSON: Thank you very much. Which one is the surname?

MR. NYAKANI: Walter is my name and my surname is Nyakani.

CHAIRPERSON: Nyakani?

20 **MR. NYAKANI:** Yes.

CHAIRPERSON: Thank you very much Mr Nyakani.

MR. GOITJE: Thank you Mr Chair. My name is Tumelo Goitje. I swear that the evidence that I shall give shall be the truth, the whole truth and nothing but the truth, so help me God.

25 **CHAIRPERSON:** Thank you very much Mr Goitje. Perhaps let's start with introductions. If you could just introduce the organisation that you represent and the role that you currently play within the organisation.

MR. GOITJE: I, Mr Goitje, am the representative of the commuters for the passengers of Bush Park Ridge in Nelspruit under the Great North Transport.

30 **CHAIRPERSON:** Mr Nyakani?

10 **MR. NYAKANI:** Thanks, Chairperson. I am the assistant of Mr Goitje for the commuters using Great North Transport from Bush Park Ridge to Nelspruit.

CHAIRPERSON: You may proceed with your submission.

MR. NYAKANI: Thank you Chairperson, members of different service providers, colleagues and I can see SANCO is well represented here. As we
15 are gathered here all of us we know that we are under the umbrella of the CV, by SANCO. We really appreciate that, and we think that Bush Park Ridge will do the same or [indistinct]. Chairperson let me first indicate by saying we had several or a countless amount of meetings with Great North Transport management and I must indicate to this forum or platform that we knew about
20 this sitting of this nature late yesterday. We tried to make some preparations, but I physically came here in consultation with my colleague and then I spoke to one of your colleagues whereby they alluded a platform. Just come and make a brief presentation. We don't have a formal presentation, but we can rest you assure that on the way to Pretoria the presentation will be following you. So, we
25 just have a brief presentation and some of the complains that we are having here with us.

First Chair, I will start by indicating that with me here I have a letter of a complaint to Great North Transport for poor services rendered by their company dated way back on the 18th of October 2017, and it read as follows:

30 *It is unfortunate to write this complaint letter during the month of October as we celebrated transport month. We would like to put it to your attention that as commuters from Bush Park Ridge to Nelspruit, using Great North Transport, we have nothing to celebrate as a result of the poor service by your company. It is*

10 *also important to indicate to you that after a series of meetings with you there seems like there will be a light at the end of the tunnel. Unfortunately, we regret to inform you that it was only a lip-service or a pep-talk.*

The following Chair are things that we agreed, that they will be fixed within a short space of time, but it never happened. One, broken busses. Two, 15 unroadworthy of busses. Three, late arrival at work and home. Four, refuelling of busses while passengers are on board. Five, shortages of busses around our area. Six, reluctant to implement issues that we discussed. Seven, unavailability of bus casuals. Eight, information related to bus services. Nine, the reckless driving and bad attitude of certain bus drivers. We also like to put 20 to your attention that we are busy engaging with other service providers and relevant authorities to find a common and lasting solution in the best interest of the people of Bush Park Ridge, particularly Nelspruit commuters.

Chairperson of the session, ...

CHAIRPERSON: Mr Nyakani, sorry to interrupt you. Just remind me, which 25 service provider are you complaining about.

MR. NYAKANI: Great North Transport.

CHAIRPERSON: Thank you.

MR. NYAKANI: Chairperson of the session, let me also indicate that following this letter that we have a copy for your reference, we directed it to the 30 depot manager at Bush Park Ridge. We cc the marketing manager, Great North Head Office, we also cc Mkako [indistinct] Department of Transport. As a result, we had a meeting, unfortunately we didn't receive the minutes of that meeting, but we have the attendance register on the 1st of November 2017,

10 whereby these issues raised were promised to be adhered to or to be solved.
But I must also indicate that after this meeting that we had on the 1st of
November, amongst others, there were issues about what we were complaining
about, some of them are operational, but to this date, what I can say to you is
that they only adhere to one, that one of refuelling while passengers are on
15 board.

Then Chairperson, I think my colleague will add where I have left. When I came
here this morning, I think, I don't know who was presenting or who was
responding to the questions, but I think it was from my observation it was
Department of Transport here in Mpumalanga. They were talking about
20 PADCO, contract break-down, and all that. I just made a few notes. But I must
indicate that you see, maybe let me first take you back a little bit. You see, prior
1994, Bush Park Ridge is on the left-hand part of Mbombela, was under Leboa,
or Limpopo by that time. Then we were, after delegations, we came to
Mpumalanga, but Great North Transport was operating alone there on the R40
25 road from Nelspruit to Bush Park Ridge and other areas in Bush Park Ridge.
So, when I started using these busses, they were in [indistinct], they were
actually it was better to use donkey charts to and from work than those busses
before. And I have pictures that we took Chairperson, I think we will be able to
give it to you after this presentation or we will email them to your office. When
30 we first used not this form of busses they're using now, but the bus that they
were using whilst they were under Leboa Government, this is the Leboa
transport, then they changed to Great North. Chairperson, we people of Bush
Park Ridge, it is unfortunate that we are just representing those commuters
from Bush Park Ridge to Nelspruit but there are other areas, but those

10 representatives are not here, and we can able to have a reprehensive report
that affects all the routes that they are operating. We feel that we are being
undermined and we feel that we've been looking down at, because when you
check other areas in Limpopo where Great North is operating, their busses are
in good conditions compared to us here in Bush Park Ridge under
15 Mpumalanga. And also, we feel that we have been taken advantage of
because maybe our taxi are circulating around Mpumalanga, I don't know. And
also, we tried to check as to whether, as they are providing services to the
people of Bush Park Ridge and also, they are lacking profit. I know that every
business is profit driven, yes we know, and they are getting subsidy from
20 Department of Transport, but there is no clear strategy of an association for the
people of Bush Park Ridge and we tried to engage with them that because they
are failing to provide good services that is of value for money, how about the
Department of Mpumalanga Public Road and Transport scrap the licence or the
contract. But during one of the meetings we were told that it cannot be that two
25 service providers subsidised by Government can operate on the same route.
But to our surprise BUSCO is operating on the same route. I don't know the
name of the route, but that one, that Kruger road route, from Hazyview to
[indistinct]. Great North also operate that road. And BUSCO is also operating.
And also, on the R40 from Nelspruit, Hazyview to [indistinct] that side, on the
30 way to Bush Park Ridge, BUSCO also operate on that side. The guys from
Department Public Roads and Transport here, your panel made mention of
monitoring penalties and all that. I must indicate that with BUSCO I normally
travel as far as I have relatives at Schoemansdal, that area, and where I am
working, I have colleagues who stay over that side. Everyday they are using

10 BUSCO to and from work and they are arriving at work on time. So, with us at
Bush Park Ridge here is just 100km or less than 100km but we always arrive
late, so I don't know what is wrong. But with BUSCO, I think they are at 120%,
but I am not here to speak on behalf of BUSCO.

We also have a problem with fares. Chairperson, we recharge, or we reload
15 tax, weekly tax, 5 days tax, 6 days 12 trips, 44 trips or 60 trips. The monthly
tax. The first we think they are not doing justice to us, and more especially
those residing at Bush Park Ridge. Because [indistinct] where he or she pay
cash, it is R12, from Thulamazi to Hazyview. And from like where I am staying
in Bush Park Ridge to Hazyview is something like R36, and there is a difference
20 of 12km in those, but they pay R36 and those are paying R12, meaning we are
maybe paying on behalf of those residing at Thulamazi. Then we don't know.
And also, Chairperson, you see in Bush Park Ridge we have zones, we have
Midland where I am staying, we have South, that side of [indistinct], then we
have Bush Park Ridge North [indistinct] to Hoedspruit. Those people who are
25 staying that side [indistinct] most of them are working in farms there at
Hoedspruit and we are told that their tickets are being paid for by their bosses
or their employers. Those busses are using gravel road, we are using tar road.
But they are in good condition. So, we got the information that these farm
owners, they ones that are purchasing tickets from Great North, I think maybe
30 they've threatened them to take them to Court or something because their
busses are not in good condition. They fix those busses that side. And I don't
know, maybe the traffic department of Mpumalanga, they don't see these
busses, because they are operating on their roads. Some of them, they will find
that 3 busses are using one bus permit and that is reality that we can proof.

10 Also, the last but not least on my side. We don't have shelters and we have
recommended on several occasions that during rainy seasons you might find
out where you are fearing a bus or at the bus stop, it is just an empty, just an
open space. And we have been [indistinct] GNT, Great North Transport,
regarding their fares and when we compare them also with distances compared
15 to BUSCO, we also opted that why BUSCO can't just take over because they
are failing to render what is due to them ... due from them to us. So, it is a big
problem. We have been told about rezoning and all that and it has been
happening for the past 4 years. They will change one depot manager to the
next one and it becomes so frustrating. Some of us at our own right, we are
20 leaders in the society, we also opted to mobilise community, but we thought that
we must first exhaust processes that we think they will assist us. I will pause
there then my colleague, I think if you have something to add.

CHAIRPERSON: Thank you. Mr Goitje, if you could just bear in mind that we
also have to take SANCO before the lunch break.

25 **MR. GOITJE:** I will just be brief on this. I just need to add, or just to stamp on
what my colleague has just said. As he has alluded that we have engaged in
several meetings whereby promises were made but the deliveries, we are still
waiting. To make an example, on the last meeting we said because of this
annual price increase [indistinct] the commercial language that they normally
30 use, unfortunately we are not that educated, but what they are telling us is that
the market requires those annual increases versus the markets and the
consumer rate, what, what. So, on the last meeting he said that before we can
even start to negotiate on price increases, the service must at least be at a
standard that is sustainable for commuters. Or else they must just vacate or let

10 somebody else take over. We had engagements with taxi's associations, other
bus operators, the answer we come to is that the Department doesn't allow for
more than one operator operate at that route. So, we tried to say okay, GNT is
failing us, why don't you opt for another one? Advertise the road, people come
and bee for that route so that they can take over. Or give taxi's subsidies so
15 that we can opt to ride with the taxis. So, till to date nothing is happening and
then we came to a conclusion that the Government itself may be one of the
officials that are getting something from the GNT. Why are they so adamant
that GNT remain to render the service within our community whereas the
community is crying about it at GNT. That is all I can say.

20 **CHAIRPERSON:** Thank you Mr Goitje. Mr Lesofe?

MR. LESOFE: Thank you. I think you have partly responded to this question
that I have. Given all of these challenges and concerns that you have about
Greater North Transport, I wanted to find out why are you not switching to mini
bus taxis? What makes it difficult for commuters to switch to mini bus taxis?

25 **MR. NYAKANI:** As my colleague has already highlighted that the majority of
the commuters coming from Bush Park Ridge, coming this side, most of them
they end up somewhere in Kiepersol, most of them are farm workers. And the
majority of these bus users they cannot even afford the price tag which is
currently on the bus. Hence is it the difference between the bus and the taxi it
30 is a minimal difference. They were getting the subsidy, but the difference in
terms of the pricing is minimal. But the problem is the taxis start to operate at a
certain time, when other people already need to be at work. It is where it
becomes impossible for them to use taxis.

10 **MR. LESOFE:** Okay, and the letter that you read out earlier did you share the contents of the letter with the Department of Transport? Even if it not the letter, but have you raised these issues and concerns with the Department? And if so what has been the Departments attitude towards your concerns?

MR. GOITJE: The letter has been sent to the Department, and the
15 Department responded. They even conducted a meeting between ourselves and the service provider itself, whereby there were some recommendations that were made to say okay, because [indistinct] has been granted this contract to operate on this route they cannot put in other operator whereas there is this contract in place. What they can do, they will monitor the services and then
20 after that then some of the busses they were changed, because there was this one, as my colleague has said that the donkey charts was even better. So, they took out those busses, they went to Limpopo, took those scraps what they wrote off that side and they brought them this side. They were at worst conditions; hence they brought those scraps to come this side. We have never
25 even received a new bus, still today we haven't received. Every time whenever there is a ... they offload from Polokwane or where ever they bring those scraps to us to finish them off. We have never received new busses.

MR. NYAKANI: Ja, and just to add. That is why I indicated in my presentations that maybe, I don't know, the attitude of the GNT, as the name says, Great
30 North Transport, and they are operating in Mpumalanga. They are taking advantage of us, maybe paying services or taxis to Mpumalanga, I don't know. You see, you can go now to the depot of Bush Park Ridge where theses busses go for their refuel and everything, you see this photocopy machine, this big one, is being serviced by the company from Limpopo. And you check the drivers,

10 the workers there, 80% of them are from Limpopo. Even the attitude of this,
you can see that they don't have this ... how must I put it? They don't have this
caring of the people of Bush Park Ridge, and I also make mention of
monitoring, I don't know what they are monitoring this side. What are we
getting from GNT? What is their strategy of giving back to the community as
15 one of the principles of [indistinct]? I don't know. I don't want to go deeper into
these things but as I have indicated that the presentation will follow you while
you are on your way back to Pretoria. I think you will get everything in detail,
thank you.

CHAIRPERSON: Ja, I think we will really appreciate that Mr Nyakani and Mr
20 Goitje. If you can give us that presentation as soon as possible, because we
would like to raise this issues that you have pointed out with both GAT as well
as Mpumalanga Provisional Department of Transport. But thank you very much
for you time and your presentation and for agreeing to make the presentation at
short notice. Thank you, thank you very much.

25 We will now receive a presentation from SANCO. Thank you, very much and
welcome lady and gentlemen. There is a piece of paper in front of you. You
may take the oath or the affirmation.

MS. THLADI: Thank you very much Chairperson. My name is Gidebone
Thladi. I swear that the evidence that I shall give shall be the truth, the whole
30 truth and nothing but the truth, so help me God.

CHAIRPERSON: Thank you Ms Thladi.

10 **MR. MOTHA:** My name is Lucky Motha. I do swear that the evidence that I shall give, shall be the truth the whole truth and nothing but the truth, so help me God.

CHAIRPERSON: Thank you very much. If you could just, please spell your surname just for the transcript?

15 **MR. MOTHA:** M-o-t-h-a.

CHAIRPERSON: Thank you very much Mr Motha. If we could just start with introductions. If you could just introduce your current role within SANCO and how long have you held your current roles, respective roles within SANCO.

MR MOTHA: Thank you very much Chairperson. I am quite certain you
20 wouldn't mind us practicing our custom as well, because this is an organisation, we are representing an organisation. So, it is therefore my prerogative duty to introduce the one who is going to do the presentation. Also bear in mind Chair it is a delegation from the province. What we are going to be presenting here is a position of SANCO in the province. So, we have got the chairperson of the
25 region who happens to be the member of the PEC as well [indistinct] Kedibona is the one who is going to do the presentation. Thank you very much.

CHAIRPERSON: Thank you Mr Mothe.

MS THLADI: Thank you very much Chairperson and thank you Mr Motha for introducing me. Historically there is a general article by Thomas 2016 that
30 states "Passenger transport under apartheid and white minority rule before and during apartheid was a crucial sight of contestation and popular protest. The South African Passenger Transport System largely was designed for the transportation of labour to and from the workplace. This often involves

10 transporting Africans from the fringes of urban centres into the cities based on
racially segregated nature of minority role. Furthermore, transport became a
site for popular struggles and a dramatic expression of tension and disputes
over control, management and affordability of regionally divided spaces. The
transition to a new attitude regarding transportation in South Africa began
15 around 1994, with the formation of the National Transport Policy Forum, the
NTPF, which brought the broader civic movements in, and other formation
together. At the time NC considered transportation as a transformation issue.
In 1998 the Government formulated a new document entitled “Moving South
Africa towards a transport strategy for 2020” This means somewhere in the
20 archives there was a plan developed for solutions and addressing the issue at
hand.

SANCO thought it was important that we elevate this abridged historical context
of the public transport issues in South Africa. There are a number of benefits
associated with the public transport. Public transport is an essential to create a
25 growing competitive economics. Effective public transport can help to elevate
poverty and reduced household spending. Effective and efficient public
transport can have a positive impact on environmental issues in reducing both
carbon and fuel consumption by reducing the number of cars on the road
traveling at once.

30 When black people was dispossessed from their land the authorities and the
apartheid system did not consider the importance of black people to travel and
commute from one area to another. In that is why areas became a priority.
This is a high connection between the debate on the land and the discussion of
the public transport.

10 As SANCO we emphasise the public transport that is safe, reliable and cost
effective. The safe aspect embodies issues of security, the state of the vehicles
and the attitudes of drivers. The reliability aspects covers matters related to the
effectiveness and efficiency of the public transport. The cost effectiveness does
not only relate to the price aspect but the value of the money that customers
15 spend on public transport.

We have got public transport challenges in Mpumalanga. The use of public
transport in Mpumalanga is very expensive. SANCO appreciates that
[indistinct] any region is much better than compared with other regions like
Ngangala and Gerrit Sibange. The availability of the bus service offered by
20 BUSCO is a pressure and stress using transport. The use of public transport in
Mpumalanga comes with a number of challenges like in other regions of the
country. Most of these challenges are common from one province to another
and from one region to another. These include the issue of cost, security,
waiting time, the state of the vehicle and the attitude of drivers.

25 A study by [indistinct] in 2017 estimated that household, they spend 2 thirds of
their income on transportation. SANCO in Mpumalanga will not discuss the
above issue but want to raise the subsequent issues for the consideration of the
commission. We have forced mitigations strategies. The unavailability of
affordable public transport forces people to migrate to areas nearer to their area
30 of work. This case in point in this regard is but not limited to the Mbombela, the
provincial capital city.

The availability of safe and secure busses [indistinct] compared to other
regions. For instance, a person from Gerrit Sibanda and Nkangala region

10 staying [indistinct] from Nelspruit is forced to stay in Nelspruit. However, a person staying 1 or 5 km away from Nelspruit, staying around [indistinct] region, has a choice either to stay at home or move to Nelspruit. The above has the cost element and most people end up using money that could be used to uplift their families social and economic status on rental, water and lights.

15 The distance between [indistinct] and Nelspruit is 105km. the distance from [indistinct] to Nelspruit is 115km. the distance from [indistinct] and Nelspruit 103 km. However, workers from [indistinct] can not afford to travel to Nelspruit on daily basis. Therefore, this means that the availability of effective and efficient and affordable public transport heals negative social impaired for families,
20 because the situation may force parents to leave away from their children and see them on weekends and to some extent, when the month end or on month-ends.

Daily cross-boarder movements. The sad story of the Moloto road and the magnitude of accidents is known nationally, and Government can tell it better
25 than we can because it has sanctioned a number of [indistinct] in that regard. The Moloto corridor paints the general challenge encountered by our communities when transiting from one province to another. Mpumalanga shares borders with 4 provinces. Limpopo, Gauteng, KwaZulu Natal and Free State. Mpumalanga shares borders with 2 countries. That is the kingdom of
30 Eswateni and Republic of Mozambique. This necessitates the need for efficient, effective and affordable public transport because our communities' transit from one province to another and from one country to another on daily basis. It is extremely difficult to find public transport at all the border gates let alone finding an effective, efficient and affordable transport. As such, our

10 people spends hours at their hiking spot and end up using whatever transport available. Regardless of their safety and the cost of traveling.

Taxi ranks. Taxi ranks are essential and central in the transformation of the public transport system. It is a fact that most people does not appreciate or enjoy using taxi ranks, but they do not have a choice. For most commuters taxi ranks are the place of trauma and horror. Most taxi ranks in the province were build in the 1990's without public enmities and are not suitable to be used by disabled people and senior citizens. Security in the taxi rank is a nightmare. Senior citizens, woman, children and people with disabilities are neglected in most taxi ranks. The general customer service at the taxi rank is in shambles. At most if not all taxi ranks, because it is assumed that everyone and anyone can work at the taxi rank. If the condition of the taxi rank was welcomed, both in terms of the infrastructure, security and customer service using public transport will be less traumatic.

It is for these reasons that most people opted to use hiking spots which causes conflict between the taxi associations and private owners of vehicles that will pick up hiking commuters. SANCO in Mpumalanga believes that the transformation of the public transport system in South Africa will not be a success without the transformation of the taxi rank.

In 2016 the estimated was that 67% of the population using public transport in South Africa, utilise taxis. The above therefor [indistinct] place the centre of the taxi rank at the top of the agenda at the transformation of the public transport system.

10 As SANCO we have got recommendations. SANCO in Mpumalanga advances the following recommendations as endeavour to improve the public transport system in the province. The Government must conduct a research on the impact on the unavailability of efficient, effective and affordable public transport by looking at the various points raised above, especially migration. Government
15 must design a flexible intermodal public transport system that will make it easy for commuters to transit using the different modes of transport available. This includes the consideration of building railway lines from Mbombela to [indistinct] region without disadvantaging the taxi industry. Government must consider an equitable system that will subsidise both the bus and taxi industry.

20 SANCO in Mpumalanga is of the view that it is extremely unfair that while the bus and the taxi industries serve the poor but only the bus companies are subsidised. For starters the taxi can be subsidised through cost rebates on annual payments and other [indistinct] related costs. Government through the public transport department should consider building new taxi ranks or
25 revamping the current existing ones, especially in the new highly populated area. The architecture of the taxi rank must be the modest approach as opposed to the conservative structures given the limited availability of space in areas like [indistinct] really deserves a taxi rank of some sort.

The Department of Transport should establish a compulsory minimum norms
30 and standards for all taxi ranks in South Africa. These norms and standards should capture aspects of availability of public amenities, customer services and security issues.

10 The community safety department must always deploy dedicated police officers to patrol at the highly populated taxi ranks to minimise the level of crime at the taxi ranks. This will surely make the use of taxi ranks much easier and the use of public transport more considerable. Government, through the Department of Government Communications, the GCIS should develop flyers and pamphlets
15 written in all 11 languages to educate or advocate awareness to those working at the taxi ranks on their obligations and the rights of the communities.

The corporative governance and traditional affairs department must ensure that municipalities [indistinct] aside to build or expand taxi ranks. I thank you.

CHAIRPERSON: Thank you very much Ms Thladi. I think at this point we
20 would like to pose questions to you, but we will just take a short lunch adjournment, and afterwards we will then pose questions to you. We will be back at 13h30. We will take a lunch break now and we will be back at 13h30.

LUNCH BREAK

SESSION 3

25 **PROCEEDINGS ON 11 JULY 2018** [60:00]

CHAIRPERSON: We will put some questions to representative of SANCU, following their presentation. Ja, at this stage Ms. Khladi and Mr. Mota, we will put some questions to you, based on your submission. But, before we do that, Mr. Mota, I don't know if there is anything that you would like to emphasize or to
30 add to the presentation made by Ms. Khladi. Alright. I think you have heard from the submission that was made by the Mpumalanga Provincial Department of Transport, as well as from the presentation which was made by Thembaletu

10 Bus Services, as well as the presentation which was made by the Great North
Commuter Organisation that there appears to be, according to the submission
made to us, there appears to be some challenges in the monitoring of the
services provided by commuter bus operators. For instance when the busses
are a no-show or the busses do not adhere to their scheduled times. What I
15 would like to hear from you is, whether there is a way in which commuters can
be involved in the monitoring process, I mean in terms of... to ensure that the
subsidized commuter bus operators meet their service delivery requirements in
terms of the contracts, the subsidy contracts they have currently with the
Provincial Department of Transport. Is there a way of integrating commuters to
20 be part of the monitoring mechanism of the service delivery requirements of
these contracts? Because currently the system appears to rely heavily on self-
monitoring by bus companies themselves. And to some extent the Department
itself did indicate there is some form of monitoring which they are doing. But is
there a way of bringing in and integrating commuters as part of the monitoring
25 mechanism? For instance, the Provincial Department explained that as part of
the payment requirements, there are a number of documents which they require
from the service providers as part of the payment process, which include, in
some instances, certificates from an external auditor in order to monitor
performance in terms of the contracts. Could the commuter aspects be
30 integrated? Is it something that is possible in the light of all these complaints
and concerns that we have heard from commuters in relation to the quality of
service provided by the subsidised bus operator?

MS TLHADI: Can I answer? Okay, thank you, Chairperson. As SANCU is
advocating for [vernac] (commuters) [inaudible - faulty microphone] we have

10 never had [inaudible] we have never had [inaudible] that we only have
[inaudible] **so that we can [inaudible].**

MS. THLADI: But it's part of our plans that we are going to have talks bilateral
talks with all the stakeholders involved in the transport sector so that we can
iron out all those challenges. We have started in our respected villages to
15 establish our [indistinct] branches where we can here the challenges faced by
our communities. In each and every branch we have sectors. We have people
who are responsible for transport, people who are responsible for other things.
So, in terms of the transport we have part of the Eshazeni region. We have
planned to have bilateral with all the stakeholders so that we can iron out. In
20 terms of monitoring, in terms or pricing, in terms of all these things. But now
that, because it affects us directly as [indistinct], as commuters. We, in our
collective, we have people who have experience in transport, who have
experience in auditing as we have a data base of all those people in our
branches, so we can still use them, because people are dynamic, people have
25 their own minds. They can think for advises and other things. So, in our plans
when we are going to have bilateral with them we envisage that we are going to
come up with a solid monitoring tool that can be able to help us because it also
texts us when somebody is waiting in a taxi, bus stop for almost an hour, the
bus is not there and there's no communication. Hence, we said in our
30 presentation that we still have to involve the GCIS so that they can educate and
have pamphlets and maybe the bus, the transport sector will have to
communicate with us when they are on strikes, when they are on what, what so
that we can all in the same, will be in the same car. Maybe my colleague will
add.

10 **MR. MOTA:** Thank you very much chair. Our gratitude's for the food. As to
start with the legislation. That's why when we say there should be a
subsidization across busses and taxis so that there's a clause when legislated
that's speaks to monitoring so that we as Sanco when we go to question that
aspect, we question the issue of adherence compliance. Cause bus industries
15 and taxi industries, tariffs have been identified this to be a problem, a hindrance
to an extent that it makes commuters to arrive a bit late to where they are
working. Perhaps we have to make sure that we guard against service
providers that are unable to adhere to the loss of discount. That is why we are
saying there should be a subsidy across. Therefore, there should be also a law
20 that which is stipulated that speaks to, you know, the monitoring. There should
be a kind of inclusive, kind of debate as to how is this law is going to come
about and so on. I think it has to start there. Thank you very much.

CHAIRPERSON: Ja what is Sanco's views on the submissions made by the
minibus taxi industry? And the submission is that instead of subsidizing a mode
25 of transport in the case of Mpumalanga it will be commuter busses. Instead of
subsidizing a mode of transport the subsidy should rather be reconfigured and
redesigned such that the subsidy actually goes to the commuter instead of the
subsidy going to a specific mode of transport. Do you have any thoughts on
this? Do you think it's something that can work?

30 **MS. THLADI:** Ok, we have never thought about that. We just heard you talking
about it when we are sitting down listening to them. But I think if we can, as
much as I said we need to have talks with them, have, get their reasons why
are they saying so. Why are they, ok they see the negatives and the positives
of subsidizing the commuters and they subsidizing the transport sector. So

10 maybe from that we can deduce then say, ok this is the stance that we are
taking. But for now, we have never thought about that.

CHAIRPERSON: Yes, because the context of the submission as I
understand it, is that the transport costs which are incurred by commuters to
commute to work, those transport costs arise as a result of the ligase of
15 apartheid special claim which resulted in workers staying very large distances
from their places of work. So that is the ligase of apartheid that we've inherited.
So, workers are then obliged to then incur this transport cost because of this
special, apartheid special planning issues. So that is why the intervention that
is being proposed is a direct subsidy to the commuter who is a stone away from
20 their places of work as a result of this special apartheid special planning issues.

MR. MOTA: When the responsibility of government and that of private
sectors. Government makes laws even issue licenses and so on. And this on
the other side is a service provider. He makes application as long as he meets
the requirements. He therefore awaits the certificate of operation. I think that's
25 the basic standard which all of us must understand. I become a service
provider because I do have all the facilities that can be utilized by the
commuters. I think we'll have to define a bit if you are to subsidize in all the
other part, the other service provided that must adhere to the laws. So, our
position into that matter I think is to apply logically the problem-solving skills so
30 there's common understanding in terms of approach and so on. Henceforth to
the bilateral kind of an intervention, an inclusive one, will help everybody to
perhaps arrive into a conclusion to take us, all of us forward. Because at the
end of the day it's about providing at that time quality service and there's no one
getting affected at the same time.

10 **MS. THLADI:** Maybe for us at Sanco we're looking at almost everything. How
will I say, it's not about subsidizing the commuters per se but when we look at
the industries this will give us the distance that they have to travel. Obviously,
I'm from Umkomaas, there's only one big company around Malelani that's TSB.
Just think of someone who is travelling from Busini to Malelani. It's very far.
15 Then it has to do with industrialization. Bringing industries closer to our
communities. It will also reduce their travelling part because the money that
they use for travelling. It also takes the money of the households as it is stated
here. So, it has to involve so many things. It has to involve, it doesn't involve
the taxi industry only. It has to involve even global markets, special
20 developments where companies, special economic zones, you know, for that
matter. So that people can be able to work closer to their homes.

CHAIRPERSON: Thank you very much Miss Thladi and Mr. Mota for taking
the time to prepare your presentation as well as the recommendations that we
have made and thank you as well for coming and for very insightful presentation
25 that you gave. Thank you very much. You are excused.

We will now receive a presentation from the South African National Small
Businesses operator's council. Bus operator's council which is based here in
Mpumalanga. Welcome gentleman and thank you very much for coming and
for your time. There is a piece of paper in front of you. You may take the oath
30 order affirmation. You can read the oath or the affirmation. Please switch on
the mike as you do so, the mike, yes.

MR. MPEDI: I start with the oath.

CHAIRPERSON: Yes, it's fine

10 **MR. MPEDI:** I, Cyril [indistinct] Mpedi swear that the evidence that I shall give shall be the truth, the whole truth and nothing but the truth. So, help me God.

CHAIRPERSON: Thank you very much Mr. Mpedi. You may hand over the piece of paper to colleague to also do the same.

MR. SHLONGWE: I Solomon Shlongwe swear that the evidence that I shall
15 give shall be truth, the whole truth and nothing but the truth. So, help me God.

CHAIRPERSON: Thank you very much Mr. Shlongwe. If you could start Mr. Mpedi and Mr. Shlongwe by just explaining what the South African National Small bus operators' council is, who do you represent, how many members do you have and then can you explain what your current role is within your
20 organization.

MR. MPEDI: Thank you, thank you chair. We the members of the executive committee of the South African National small bus operators in Mpumalanga. We have 4 regions and the membership that we have in the province is not the exact figure that I'll give you, but we have plus minus 150 members throughout
25 the province. The problem is that we have to [indistinct] with other organizations like SAPOA, SANTAPO that are competing with us in the bus industry. But I can say we are currently doing very, very well. The only problem that we have is the finance to travel throughout the province to make sure that we give information to our people. We have 4 regions in this province. The first one is
30 Thlabela, the 2nd one is [indistinct – ethnic language], the 3rd one is [indistinct – ethnic language], the 4th one is [indistinct – ethnic language]. Can I continue?

CHAIRPERSON: Yes, you may continue.

10 **MR. MPEDI:** In 1996 the Mpumalanga government introduced this caller
transport which was functioning under the department of Education. The
objective of this caller transport was to transport learners to schools around the
province whereby children should travel more than 5 kilometres. There are
children who are residing in the rural areas, in the farms attending schools in
15 the township or you'll find that from where they stay is far away from the school
that there's been established there. An advertisement was placed for a further
period and small bus operators were appointed at the end of the term.
Sometimes we had a negotiated contracts. Although the rates were low but we
believe they were better than today. From 1996 the department of Education
20 was paying the operators 20c per kilometre per learner until the year 2008.
When the rate was increased slightly to 35c per kilometre per learner. And in
2009 the scholar transport function was moved from the Department of
Education to the Department of Public Works, Roads and Transport. In 2011
the government placed and advert in 4 regions {indistinct – ethnic language}. In
25 [indistinct – ethnic language] region individual operators were appointed and
also [indistinct. But in [indistinct] region a bigger chunk was given to a
contractor called Chowe Transport. He was coming from Eastern Cape. They
overlooked the bus operators who were around [indistinct]. In [indistinct] region
the whole operation was given to Habana Trading. As a sole service provider.
30 That time Habana did not even have a single bus. Then the former premier Mr.
D. T. Mabusu, negotiated with the executive committee of Mpumalanga Scholar
Transport Organization, MSCO to sign a memorandum of understanding with
Habana Trading. The MSCO members were made to believe that Habana
Trading came into [indistinct] scholar transport function. When Habana Trading

10 was first appointed, the Department of Public Works, Roads and Transport said Habana Trading will be a malignant company. Habana Trading paid bus operators a very, very small amount of money, R53000.00 per bus per month. And again, Habana promised that he was going to give an annual increase of 6% to the operators. Till today Habana is still paying our operators R53000.00.

15 Then Habana was then able to buy busses because Habana was the first company with Chowe to be given 5 years contract in this province. And we had a problem. We said why Habana? Then they said those busses will be given to SGB's school government bodies after 5 years. 5 Years has passed, no school received a single bus. It is unfortunate that Mpumalanga provincial government

20 is currently competing with small bus operators because we were told by the former MEC for Public Works, Roads and Transport, Miss Manzile, that those busses that are with Habana and Chowe are government busses. We currently have small bus operators who are still being owed by the Department of Public Works, Roads and Transport, Department of Education and Habana the

25 company. Currently, government in this province has given Habana Trading 60% of scholar transport function in [indistinct]. And they only advertise 40% of the work. The advert closed on the 30th of April in [indistinct] and it closed on the 17th of April for [indistinct – ethnic language]. And up to so far no one has been awarded a contract from that tender. We believe that the government

30 may be delaying the whole process in order to return and make a re-advertisement because they are preferred candidates in alliance with government. I think they were here yesterday [indistinct]. They acted fraudulently by having a separate box, sunlight box to submit their documents. Fortunately, we went to the Hawkes, we reported the matter and the enquiry

10 number is 02/05/2018 where the box was found in the office of the chief director
Public Works, Mr. Moloji. As the South African Small bus Operators, we would
like to put on record that Habana Trading and Chowe Transport are not
welcome in this province. The reason being that Habana Trading is owned by 3
15 directors not residing in this province. One is from KZN, the other one is from
Limpopo Xiane and the other one is from Zimbabwe. And Chowe Transport is
owned by a director coming from Eastern Cape. In the [indistinct] region people
from Gauteng and North West were appointed to do scholar transport through
these. Overlooking the bus operators and were eventually taken out of work. In
Ehlanzeni Region, friends of the government officials were appointed whereas
20 the small bus operators were taken out of work. As the small bus operators, we
are not recognized by the Mpumalanga Provincial Government for there are no
consultations where they call us to discuss challenges and frustration in the
industry. Our province uses the talk down approach. Care less of whatever
frustrations we might be having in the industry. We have Habana Trading which
25 is our rivals because government nicked them in, in the province, lying to us
and has been given preferential treatment at the expense of small bus
operators. We have SANTAO as another rival of bus operators. They are
contesting the power from the small bus operators to an extend that they've
established a bus desk operators' in to an extend that they have to establish a
30 bus desk within their organization where they have people that are dealing with
scholar transport and we are not interfering in the operation, in the taxi
operation. We don't have any bus or any taxi desk in our offices. So SANTAO
is sure that they will take over the bus operations in this province. Mbombela is
the only municipality or place in this province with BRT system is scheduled to

10 start soon. SANSPOC has not been involved in any negotiations with Mbombela municipality in this project. We do have long distance passes traveling from [indistinct – ethnic language] the regions to either Maputo, Devon and Eastern Cape. The mines, Eskom, Forestry, Transnet and some private companies do rent out bus contract services in the province. We do not have
15 municipal buses in our province. We only have private buses. As far as the subject matter is concerned, we currently have a mega challenges with regard to licensing. There are no rules allocation. No operating licenses and no transformation. In essence there is virtually nothing happening in this regard. There is no price regulation, the price is controlled by fuel hikes and when there
20 is reduction in fuel prices, the price remains the same. Which is disadvantage to the commuters. Again, there is nothing structured here. Operational subsidies are enjoyed by the bigger operations like Great North transporting commuters from Bushbuck Ridge to Nelspruit. Mega Bus around [indistinct], Busco around [indistinct], Tilly's Bus around [indistinct], Putco from Kwantebele
25 to Gauteng, Pretoria. And there are other bus companies that are subsidized around Witbank. Both the provincial government and the municipalities are failing dismally in this area of transport planning. Because there is absolutely nothing happening in this regard. That is why [indistinct] I have start, most of our roads are in a very bad condition with very big potholes and other [indistinct]
30 one could not have access to go in with a small car. And this inconvenience us as bus operators for service of communities. Transformation in the Public Transport remains a pipe dream in this province. Currently there is no consultation with all stakeholders to be able to forge a way forward. Access to infrastructure and terminal facilities are minimal, if any from both government

10 and the private sector. We operate inside those and we attribute this to lack of
stakeholder consultation. Contracting relating to bus operations, long term
contracts which have not been subject to competitive bidding for long time. We
never had this in this province and no attempt was made in this regard. What
has been happening is that service providers were given shorter periods to
15 operate. Whether after you may have a negotiated contract again for a shorter
period. I just want to share this with you, Chairperson. I want to go back to
scholar transport because that is the only sort of income that we are getting as
Africans, black people in this province. When we talk about a sunlight box,
people might not understand what we are talking about. SANTAPO in this
20 province, they have an agreement, an illegal agreement with government that
they will be given 40% stake then Habana must have 60. Then when people
tell that they went to the centres to put in their tender documents but SANTAPO
decided to call our members and their members to put in two boxes and instead
of submitting those tenders to the relevant tender centres, they did not do that
25 until we caught them. And currently the department is having a problem to what
because the people that they wanted to appoint, failed to submit to the right
door. That is the problem that we are having. The problem that we are having
in this province is corruption. People are talking about North West being a
corrupt province. That is not true. This is number one province, corrupt
30 province. Mpumalanga. And we can give evidence about that but it's just that
because some of our people are afraid to tell the truth they will be killed. But we
are now telling you the truth. This is the most corrupt province in this country.
Number one corrupt province. Our commuters have a problem. They wait for a
longer period for transport. We have a problem whereby companies where

10 people must start to work 5 0'clock, 6 0' clock in the morning. If there is no
subsidized bus company to transport them, they suffer. Some are being raped,
some are being robbed. That is the problem that we are having. Chair person,
I just want to say, as small bus operators, we don't have a budget and we are
not the ones who came with this name, SANSBOC. This name SANSBOC was
15 established by the National Minister of Transport. I think it was during the time
of former Minister [indistinct] Peters and all 9 provinces we do have provincial
executive committees. Unfortunately, we are operating from our houses or from
our cars. We don't have offices. But if you go to SANTACO. The have four
offices in the province. They are being given allowances and we are getting
20 nothing. No training to our executive committee members, no meeting
allowance, nothing. We are suffering. Simply because people that are elected
to lead SANTACO, to lead SUNSPOC in this province are not favourite of the
government officials. That is the problems that we are having. We are
suffering. Thank you.

25 **CHAIRPERSON:** Ja, thank you, thank you very much for that presentation
Mr. Mpedi. Mr. Shlongwe. I don't know whether there is anything you wish to
add.

MR. SHLONGWE: Yes, the other thing that I want to add. I think the
government must look to treat as equal the small bus operators and the big
30 service provider. If they give, maybe let me say they give Busco ten years,
because since when I was born, I find Busco and Putco was running the
transport. To us as a small bus operators to only find out they give us three
months. We are not going to grow if they give us three months. And the other
thing, as the local people they must give us the chance, when we write the

10 tender, to send to the department and approve our document because we have
the equipment but because the government is not favouring us, they give their
friends and their girlfriends. To us it's not right. They must treat us as equals.
Here in [indistinct – ethnic language] you find out the people who is coming at
Limpopo and people who is coming at Eastern Cape, running a scholar
15 transport. I have twenty busses standing at the back of my house and I don't
know what I must do. And the bus which I'm using, I use to transport the
community when there is funeral around in my area. The people who are
staying at Cape Town is not sending the people to help even the ANC when it's
busy to mobilizing the people to get the vote from the people. So, we're asking
20 to the department, please, empower the people around the area first and then if
there is nothing, maybe they do not have the equipment, and then you can go
and look around the other province. Please, we are saying because Mr. Cyril
Ramaphosa promised us to change the South Africa. Can the ANC come and
help us because here as a small business who are not getting from our
25 government, nothing, nothing, please? I said they must look that we are not
getting anything. Thank you.

CHAIRPERSON: If you could before I give an opportunity to the evidence
leaders to put questions to you. If you could just clarify the, because I think Mr.
Mpedi, you indicated that it seems as [indistinct] as now you have been
30 relegated to mainly servicing the scholar transport segment. I want to
understand, is that the only segment that you are servicing. Or there's also a
commuter, another commuter segment that you are servicing which does not
involve scholar transportation. If that is the case, are you able to give us a split,
just roughly, what is the size of, in terms of the split that is serviced by your

10 members for scholar transportation and the size of the segment which is serviced for other, if that is so.

MR. MPEDI: Ok. On scholar transport, we can say, our member, we have more than 500 buses that are running except Habana and Chowe. And other services that we do as I said, that is only from government. That is corrupt
15 transport. The tender rules we do not have. Only big companies have been given that. And the other services that we do is Eskom, Transnet and Forestry. That is private. So, the contract is between the individual and the companies. That's all.

CHAIRPERSON: Are you providing any public commuter services which do
20 not involve any of these.

MR. MPEDI: Yes, we do have members that are transporting partly but they are not subsidized yes. In some areas like [indistinct]. Pongola to Ermelo, and Thlansadi to Ermelo and [indistinct] we do have those individual operators.

CHAIRPERSON: All right. Mr. Lesofe.

25 **MR LESOFE:** Thank you Chair. Perhaps we could start from your last answer. If you could just perhaps briefly take us through some of the challenges that those operators face. Those that provide commuter bus services without any subsidies.

MR. MPEDI: The challenges that we have there is the pricing. Because the
30 one that is getting subsidy will charge less and our members will charge more. That is the challenge so most of the people will then go to a subsidized company. That is the main, main problem that we have.

10 **MR LESOFE:** So, you find it difficult to compete in terms of pricing, right.

MR. MPEDI: Ja we cannot compete and even the maintenance of the busses. We find that it's difficult for a poor man to maintain his or her bus.

MR LESOFE: And what is the average age of your members' fleet. The average age of the busses. I just want to get a sense in terms of. They probably use busses that are old, right?

MR. MPEDI: I'm not sure but what I can tell you is most of our busses are 15 years old. We don't have old busses. We have Nkorokoro. That is the problem. But you'll find that those who have money might refurbish their busses. But there are not many. They are not many. That is why we are saying, we wanted a recap on busses that please, take away the old busses as is happening in the taxi industry. So, if Mr. Shlongwe is having 10 busses that are 15 years old, they can give him maybe R200000.00 for a deposit for another bus and even the personal finance that they organize a finance for our people. Because most of our people are blacklisted. It's very, very difficult. It's difficult out there. We do have people who are having better busses, but they are not many. The majority of our people have older busses.

MR LESOFE: Ok thanks. Now the subsidy contracts that are currently in place, right, were introduced in 1997. And since then they haven't been allocated to any new operators including your members. So, for the past 23 years, you've had the same service providers been given contracts to provide commuter bus services, right. Now if government were to issue a tender, inviting operators with the view to, you know, affect some changes, for instance bringing in new operators. That is for subsidy contracts. What kind of support would you need

10 in order to participate in that tender process and also should your members be
some of the successful bidders, in order to be able to render the services
efficiently and properly. What kind of support would you need?

CHAIRPERSON: May I just add to this question, because we also raised a
similar point with the Mpumalanga Provincial Department of Transport about
15 opening up the subsidized the commuter transportation market to a smaller bus
operator in particular those which are owned by historical disadvantaged
individuals. And will raise the issue of whether it is possible to unbundle the
current contracts and break them down into much more smaller contracts to
enable smaller bus operators to be able to enter the subsidized commuter bus
20 market. And so, I think we would also like to get your views on the unbundling
of this contracts and whether it is possible to break these contracts into smaller
contracts which can be serviced by smaller bus operators. The second issue
that arose related to infrastructure especially in the form of depots and we were
told that in almost all the provinces that one of the biggest obstacles to the entry
25 of smaller bus operators in the subsidized commuter bus market is lack of
access to infrastructures, especially in the form of depots. Because we
understand that the current depots are owned by the subsidized bus operators.
So, in responding to my colleague's question in relation to the form of support
that you may require in order to provide subsidize bus service. Please consider
30 these issues which have been raised.

MR. MPEDI: Yes, thanks Chair. I think what we need, one is training. That is
key. Two, as SANSPOC, in each and every tended route, we would appreciate
if government can give us 51% of the operation. Let's say you have bus group
around Mbombela. If they can say out of 100 routes that are there, then 51%

10 should be given to small bus operators. That would be appreciated. But how
do you do that. It's going to be difficult for our member to buy busses, but they
can buy busses that are currently used by Busco. So, we enter into
memorandum of understanding with Busco. And then we go to Secunda, we
talk to Mega Bus. They give us 51%. We do it that way. So that we can also
15 control even the inflow of the people that want to participate. Especially the
youth and the woman. Because it's going to be difficult for a young person just
to come in and say, I want to be an operator. But if they can join us and work
with us so that they learn from us, they take this process forward. I think that
will help us a lot.

20 **CHAIRPERSON:** And this question relating to lack of access to depot
infrastructure. How can that be resolved?

MR. MPEDI: That one, I don't think is a problem, because we can with the little
resources that we have. We can establish our own depots. But again, the
same bus companies that we are talking about, they also have their own depot
25 that they use which we can still buy from them that we continue. Because if
they have one, and then we come and build ours next to theirs, and then theirs
is where we are going to work, then that will be waste of resources. So, we can
negotiate.

MR LESOFE: Thank you chair.

30 **CHAIRPERSON:** Ms. Nontombane?

MS. NONTOMBANA: My question relates to the issuing of operating licenses
and I want to get a sense of what your experience has been with regards to the
issuing of operating licenses.

10 **MR. MPEDI:** The problem with the issue of operating licenses as we talked
about scholar transport. They give a operated three months. So, go there, you
apply for operating license, it will be for three months. Then after three months
you must go again and pay. And if maybe you transport people what they will
need, they will need a contract or a letter as proof that indeed you are allowed
15 to operate those people. So, it's a challenge in our province, operating license.
And you always have to go to the department, plead with them, please help us.
And even the traffic officers will come there and harass the drivers that they do
not have a operating licenses. Or they will delay to issue that three months or
six months contract and you cannot stop. So, you'll always get the fines on the
20 road. So, it's a big challenge in our province.

MS. NONTOMBANA: And then another question I have is with regards to the
issue raised about a lack of proper consolidation with the small bus operators.
And I wanted to get a sense of whether in relation to the IPTN, that is been
introduced, you have been consulted at all. And whether you are considered to
25 be affected partners on the roads that would be affected by the introduction of
the IPTN.

MR. MPEDI: Sorry, can you repeat the question.

MS. NONTOMBANA: So, the government is introducing IPTN. So, like your
BRT but not quite that has been implemented for example in Gauteng. So, the
30 question I have is whether you are considered to be affected parties as small
bus operators in the implementation of this IPTN here in the province.

MR. MPEDI: Ja that one will be appreciated. I mean, if we can just be called in
for meetings that they explain that to us because a person will talk about BRT.

10 Something that we do not even know. As we said this is the first town or
municipality in the province that is going to have BRT, so we would appreciate if
the municipality and the provincial government can invite us and we can
participate and make a contribution.

MS. NONTOMBANA: So just for clarity, are your members operating in the
15 roots that have been identified for the implementation of the IPTN?

CHAIRPERSON: If we could just make examples of some of those routes just
to add to my colleague's question. For instance, phase one, is from Hazyview
to Barberton. And so, the question then is, are you servicing that route currently.
There are also other phases, such as from Nelspruit in town to Xobokwene and
20 there is also phase three which is from, and it goes on and on. And so are you
servicing this roads which have been identified for the roll out of the IPTN by the
city of Mbombela.

MR. MPEDI: Mr. Shlongwe is from this municipality, I am from [indistinct]. But
we do have our members who are servicing those roads but a person who can
25 tell, can give more information about that is Mr. Shlongwe. But we do have our
members servicing those routes. It could be in the form of transporting staff
passengers going to different companies, but we do, we do have our members
doing those routes.

MR. SHLONGWE: We transport sometime the staff if, let me say, there is a
30 contract maybe around Barberton or around Nelspruit. They are using to hire
our busses, the people who are trying to empower the black people or to
empower a small bus operators. They are using to hire our bus operators. They
are using to hire our busses in this route around [indistinct]. For example, I'm

10 around [indistinct] district. We use Barberton as a view to transport the people.
We are going to be affected in this area when the [indistinct] and transport
people.

CHAIRPERSON: Have you been identified by this seat as an affected
operators.

15 **MR. SHLONGWE:** No.

CHAIRPERSON: Just two questions from my side. I think one of the things that
we have now understand from other provinces is that the small bus operators
need to almost form some kind of vehicle operating company for them to be
able to successfully tender for government contracts. For instance, I think this
20 is an item that we been hearing from other provinces. I just want to get a sense
from Mpumalanga whether, you know, is there any thoughts because you also
as an industry also have to make it relatively easy for government to contract or
to participate in this term that contracts. So, I just want to get a sense of
whether is there a move toward in trying to prepare yourselves to be able to
25 tender for this. So then one of the avenues is this vehicle operating companies.

MR. MPEDI: Ja, we are willing to do that like. When we meet at national level,
you could, you listen to a province like Eastern Cape. They are very, very far.
And as in Mpumalanga we want to do that but because as we said earlier, we
do not have support from our provincial government. It's difficult. That is our
30 wish. We want to.

MR LESOFE: But I think the question is on there. I think the person of the
government, I think we had what they've said but I'm talking about from your
members. Because you have to I'm asking whether you have thought about

10 this and what is the status if you thought about. Maybe you're trying to form a structure so that you prepare yourself for government, for contracted tenders.

MR. MPEDI: Ja, as I've said, we are copying from the model that is used by Eastern Cape that we go to ITC to help us. But if we go to ITC, obviously, that is our wish as members, but we need to be guided, we need training, we need
15 the directory to help us to give us guidance of how to do it. We don't know where to start. But we want to.

MR LESOFE: Ok no, thank you.

CHAIRPERSON: Are you getting or have you been offered any sub-contracting opportunities by the current bus subsidized bus operators.

20 **MR. MPEDI:** No.

CHAIRPERSON: Ja, I think we have come to the end of this session. Thank you very much Mr. Mpedi and Mr. Shlongwe for your time and for your time. We will certainly take up the issues that you have raised this afternoon with the relevant stakeholders including the provincial Department of Transport. Thank
25 you very much for your time. We have now come to the end of the public hearing in Mpumalanga. We will however be making follow ups on the issues which has been raised in this province with the relevant stakeholders. So, we would like to thank everybody who has participated in this round of sessions in Mpumalanga and we'd also like to thank members of the public who took their
30 time to attend this hearings. The next round of hearings will be in the Northern Cape Province, in Kimberley on the 19th of July. We will adjourn and close the hearing and I'm told that there is tea available which will be served at the same point where we had lunch earlier. Thank you very much.

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SESSION ADJOURNED

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