

Greater Soweto Commuters Forum (GSCF) Submission to the Competition Commission Market Inquiry into Public Passenger Transport

Licencing, Route allocation and entry regulations

Licencing and Transport Planning and entry regulations: The limiting factor for the National Department of Transport to delegate the responsibility of issuing licences from the PRE to the municipalities is that the smaller municipalities don't have a capacity to provide such services, they are relying on the districts that rely on the PRE for such services of issuing licences.

The DoT must provide capacity in the form of skills, knowledge, competent and dedicated personnel to be able to develop ITP, issues licences or provide a recommendation to the PRE regarding the issuing of Operating Licences. Some municipalities are reactants to undertake such functions due to the lack or limited of capacity and resources.

Passenger rail services can be fully incorporated in the municipality with the municipality playing a significant role in issues such as timetables to ensure complementary with other modes of transport only if PRASA can have a closer working relationship with the municipalities regarding ITP where municipalities will have an influence in terms of operation as per the municipality time table to ensure complementary with other modes of transport within the ITP.

Road allocation : For the existing operators who are extending their routes, the PRE and the municipalities as the planning Authority must approach

the existing operator and find out if they will be interested in extending their route to the new establishment or development like new residential, business area or Malls during the planning stage prior to the development.

If the existing operators agree then the planning authority will then process the route amendments of the existing operators.

Taxi operators must approach the PRE to apply for the new route that they want to operate.

The PRE will then check if that route is not allocated to other taxi operators or within the demarcation of the other taxi operators perimeter. Then their request will then be processed.

Municipalities as the planning authority only recommend the issuing of operating licences and not pro enough to identify the areas where need sufficient public transport. That resulted in over or under supply of public transport.

The PRE always acting more reactive in terms of the new route as they wait for the taxi operators to approach them first. By that time you find that there's already an establishment and different taxi associations have already started operating resulting in to conflicts. By that time the PRE is forced to mediated in that conflict and obliged to approve the licences immediately as the taxis are operating already in conflict.

The subsidised bus operations, fares and routes are determined in the contract by the provincial government not the municipalities as required by the NLTA and the fare increase are NOT regulated by the government only by the operators themselves annually irrespective on how the service was on that particular period without negotiating with the relevant stakeholders.

Only the BRT and the municipality buses routes are determined by the municipality in line with their ITPS.

Both routes and contracts of the subsidised buses in Gauteng are outdated and not responding to the changing needs of commuters. Gauteng Provincial government must issue new contracts with the new route in conjunction with the municipality ITPs and take

control of the fare structure by the greedy operators.

Municipality buses must operate in all municipality demarcation areas where the existing subsidised private operators don't operate. Commuters in those areas are battling with transport while the municipality and BRT buses are under utilised. e.g Joburg Metrobus to operate in Protea Glen Ext 13 until 29 to the Northern suburbs just like the Are yeng took over from Putco in Mamelodi.

Price Regulation & Price setting mechanisms

The fare determination by unsubsidised buses is done based on operating costs per kilometres travelled.

The rationale of bus operators increasing prices during peak season compare to off pick is that they want to catch up with the loss they have encountered during off pick season where sometimes they have to operate on half empty bus as per schedule.

The fare determination of the subsidised buses in Gauteng is determine by the operator annually based on what no evidence as they provide extreme poor service. The contracting authority don't have a say as per the existing contract. CA are obliged to agree with whatever percent they impose to the commuters, failing to agree with the increase the operator will then take the CA to court for the breach of contract. The existing contract between the subsidised buses in Gauteng doesn't cater for stakeholder to have a say and the department as a contracting authority doesn't have much say to the operator.

The prices mechanism does impact on competition between different modes of transport more especially the BRTs, metrobus and metrorail as commuters pays less to use them.

Taxis pricing mechanism of pricing is inefficient as different taxi association charge different from the other even if the distance travelled is the same or less. There's no consultation with the stakeholders been the commuters or commuter Forums.

Subsidised buses in Gauteng price mechanism is inefficient as they are the authority themselves who decides on price based on zonal but they are subsidised as per kilometres (DORA).

Train price mechanism is efficient as it is determined by the DoT and based on the subsidy where the more distance you travel the more subsidy you enjoy by paying less.

Allocation of operational subsidies

The government have extended the subsidy to all modes of transport except the minibus taxi industry of which been the one that constitute the biggest mode of transport citing that it is not organised and formalised.

There's little effectiveness of subsidised transport in provision of public passenger transport to the poor and majority of South Africa because majority of poor South Africans uses taxis that are not subsidised, metrorail only operates in few urban municipalities, and subsidised buses are unreliable, expensive more than taxis.

Subsidies only benefits those along the corridor of BRT routes, living in middle class areas where metrobus and Gautrain operate not the entire poor South Africans.

The impact of subsidies on different mode of public transport is that all commuters will want to use the reliably and affordable mode of transport whereas the unsubsidised will be unreliable and expensive for commuters.

Transport Planning

The current status in terms of implementation of the proposed IRPTNs is proceeding well in

the well established municipalities of Joburg, Tshwane, PE and Cape town. The challenges encountered by the stakeholders in implementation of the IRPTN and the development of ITPs is the lack of capacity on certain municipalities. The DoT together with the PRE must provide those municipalities with the relevant capacity in the form of skills, knowledge, competent and dedicated personnel to develop the ITP for the municipality.

Transformation

Top 5 critical inputs for each mode of transport including the suppliers

Taxi:

- ❖ Taxis to be subsidised
- ❖ Taxis to have its own finance institute to finance their own taxis
- ❖ Taxis to be formalised
- ❖ Training academy for drivers and for refresher courses
- ❖ Taxis to have shares in the taxi vehicle manufacturing industry.

Trains/Rail:

- ❖ Safety and security in the stations.
- ❖ Safety and security inside the trains
- ❖ Communication to commuters incase there's a problem.
- ❖ Punctuality.
- ❖ Customer service

Buses :

- ❖ Allowing the small bus operator to compete and operate.
- ❖ 30% of the operation to be operated by the local bus company.
- ❖ Buses to be provided by local bus manufacturer with the high level of transformation.
- ❖ The existing contracts to be shared equally amongst the small operators with the local company owning 30% of the total number
- ❖ Bus companies operating in a particular area, to be based from that particular area.

The existing bottlenecks for transformation across the value chain is the legislation where incumbent operators continue to benefit from the existing subsidised bus contracts. They are also the shareholders of the bus chassis and body manufacturers. When the government takes the contracts to open tender, they have an advantage as no small operator will be able to procure enough bus in a short space of time bearing in mind that the bus manufacturers belongs to them. When the government opt for negotiation contracts, then they will be negotiating with the very same incumbent operators leaving the small bus operators outside.

Long terms contracting between government and bus operators

The impediment to the bidding process of the government is the existing Head of agreement between the Trade Unions, the Dot and the existing incumbent bus operators association Saboa that state that during the bidding the existing incumbent operator have a right of refusal, limiting the participation of small bus operators in the formalised subsidised regime.

The impact of the lack of bidding on entry and expansion of bus operators, especially the small operators is that it results in to unfair discrimination and the lack of transformation in the subsidised bus industry. The incumbent operators remains the monopoly in the industry while failing to provide a good service.

Commuters experiences

Rail:

- ❖ The passenger rail system in SA has been left to dilapidate for a long time without any improvements to the system, the train itself and the stations.
- ❖ Travelling with a train is a risk factor as you are not sure if the train will arrive or not. You are exposed to the crime ridden dilapidated train station with no security.
- ❖ No communication whether the train is running late or not coming at all.
- ❖ Train just stops in the middle of nowhere without any communication resulting in commuters walking in the railway line where it is not allowed and dangerous.
- ❖ Overload during peak periods and no security officers inside the trains.
- ❖ Where there's security in the station, they only be available during off peak times.
- ❖ Trains are old dilapidated and vandalised with either no doors or windows
- ❖ Prasa says their improvement of the entire system, implementation of new trains and refurbishment of the station will take 20 years leaving train commuters with no choice but to risks their lives and jobs daily.

Taxis:

- ❖ Lack of customer service
- ❖ Unroadworthyness of vehicles
- ❖ Reckless driving
- ❖ Operating without operating licences
- ❖ Taxi violence

Subsidised Buses :

- ❖ Lack of customer service
- ❖ Unroadworthyness of buses
- ❖ Poor communication
- ❖ Constant breakdowns
- ❖ Shift not covered
- ❖ Dirty buses
- ❖ Unreliable
- ❖ Expensive but subsidised
- ❖ Reckless driving
- ❖ Infringing on commuters human rights
- ❖ Not adhering to the Consumer Protection Act S63 regarding the expiry date of the pre paid coupons.
- ❖ Increase fares abnormal while providing extreme poor service to commuters
- ❖ Subsidised buses and passenger trains constitute the high number of commuters and community who lost their jobs and families due their poor service in the presence of the contracting authority been the provincial government.

Thanking you in advance

Willet Khumalo
GSCF Chairperson
0795557777
0812333337