

**THE UNITED REPUBLIC OF TANZANIA**

**SUMATRA**

For Competitive, Efficient, Quality and Safe Transport Services

Surface and Marine Transport Regulatory Authority  
Mamlaka ya Udhidiiti Usafiri wa Nchi Kavu na Majini

**IN THE MATTER OF THE SURFACE AND MARINE  
TRANSPORT REGULATORY AUTHORITY ACT (CAP 413)**

**AND**

**IN THE MATTER OF AN APPLICATION NO 01 OF 2011 BY DAR  
ES SALAAM COMMUTER BUS OWNERS ASSOCIATION  
(DARCOBOA)**

**ORDER NO SMTRA/01/ 2011**

(Made under Section 16 of the SUMATRA Act, Cap 413)

**1.0 APPLICATION**

On 21<sup>st</sup> December, 2010, the Dar es Salaam Commuter Bus Owners Association (DARCOBOA) submitted an application to SUMATRA for upward review of Dar es Salaam urban bus fares. Further, on 15th January, 2011 DARCOBOA submitted additional information with regard to its earlier application. The proposed increase ranged between 100% and 200% from the current fares.

**1.1 REASONS ADVANCED BY DARCOBOA TO SUPPORT  
PROPOSAL FOR INCREASE OF BUS FARES**

The following grounds were advanced in support of the application:

- (i) Increased costs of operations which negatively affected the profit margin.
- (ii) Denial of subsidy from the Government to finance transportation of Soldiers and Police officers who traveled for free.
- (iii) Low fares paid by students were inadequate to cover bus operational costs.
- (iv) Poor road infrastructure in the city contributed to the rise in operational costs.

## **2.0 STAKEHOLDERS' VIEWS**

SUMATRA conducted an initial evaluation of the application pursuant to section 18 of the SUMATRA Act and found it proper to conduct a public hearing on 7<sup>th</sup> January, 2011 at Karimjee Hall in Dar es Salaam.

The Usafiri Dar es Salaam (UDA) and Umoja wa Madereva na Makondakta Dar es Salaam-Mlandizi (DCA), filed written submissions to the Authority in support of the DARCOBOA Application. Stakeholders who made their submissions in writing opposing the application included the SUMATRA Consumer Consultative Council (SUMATRA CCC), and Chama cha Kutetea Abiria (CHAKUA)

### **2.1 Views in support of the application**

In supporting the application, stakeholders had the following views:

- (i) Bus fares remained stagnant at TZS 150/= for ten years since 1995.

- (ii) The Tanzanian shilling continued to depreciate against major currencies.
- (iii) Operating costs continued to rise thereby diminishing the profit margin..
- (iv) Soldiers travelled freely in the buses while students continued to pay low fares.
- (v) The bus owners were denied subsidy by the Government compared to investors in Tourism.
- (vi) Road congestion and traffic jams were among factors that increased operating costs.
- (vii) Prevalence of Touts threatened drivers and conductors by demanding payment for their illegal activities increased operating costs.
- (viii) Poor road infrastructure increased wear, tear and travel time of the commuter buses.
- (ix) Passenger fares ought to charge per kilometers traveled.

## **2.2 Views opposing the application**

Observations made by stakeholders opposing the increase of charges included the following:

- (i) The Income tax figures provided by DARCOBOA were not realistic.
- (ii) The salaries indicated in the DARCOBOA analysis were inflated.

- (iii) The current fares should be maintained because even in other cities in EAC such as Nairobi the fares had been stable for a long period.
- (iv) Only Police and TPDF officers in uniforms and not exceeding three were allowed to travel freely in each commuter buses.
- (v) Commuter bus operators had the opportunity to reduce the operating costs by disengaging touts.
- (vi) DARCOBOA should have complained to EWURA on high fuel prices instead of seeking an increase that would hurt the ordinary citizen.
- (vii) Commuter bus owners should have in place a proper system of managing their financial and business interests in order to minimize losses.

### **3.0 MATTERS TAKEN INTO ACCOUNT BY THE AUTHORITY IN MAKING THE ORDER**

The following were taken into account in analyzing the application:

- (a) the cost of producing transport services including cost of capital, depreciation, loan interest rate, insurance, wages and fuel price;
- (b) stakeholders' views both at the stakeholders' meeting and written submissions;
- (c) macroeconomic factors;
- (d) taxes and other statutory fees;

- (e) infrastructure and traffic congestion,
- (f) affordability of the service by consumers;
- (g) statutory requirements provided in Sections 5, 6, 16, 18 and 19 of SUMATRA Act.

#### 4.0 BOARD'S OBSERVATIONS

In view of the foregoing, the Board observed as follows:

- (i) There was an over-statement and under-statement in computing some factors by both the applicant (DARCOBOA) and consumers (SUMATRA CCC). Such errors could inflate or deflate cost of rendering public transport service.
- (ii) Fuel constituted a significant component in the cost of production of transport services. However, there were other cost elements which, taken together, had considerable weight in the production of road transport services.
- (iii) Macroeconomic factors played significant role in the cost of production of transport services. Relevant macroeconomic factors in this respect were inflation rate and exchange rate.
- (iv) Erratic increase in fuel prices followed by weekly issuance of indicative prices in the local market by EWURA, coupled with depreciation of Tanzanian Shilling and inflation, made the fare reviews a complex exercise. However, Guidelines issued by SUMATRA with respect to tariff review resolved the complexity.

- (v) It was a fact that there was a remarkable fuel price increase since February, 2009 when the last fare review was conducted.
- (vi) The Board was in agreement that poor road conditions and congestion in cities increased the cost of operation and action from relevant authorities was crucial to address same.

## **5.0 ORDER**

In view of the foregoing and in an effort to maintain fair and affordable road transportation services, the Board at its 34<sup>th</sup> Ordinary Board Meeting held on 31<sup>st</sup> January, 2011 in Dar es Salaam, decided, approved and ordered as follows:

- 5.1 The commuter bus economic fares per passenger per kilometer for adults plying on paved roads in Dar es Salaam be raised from 22.9 to 27 per passenger per kilometer.
- 5.2 Fares of commuter buses operating on unpaved roads in some areas in Dar es Salaam city shall be Shillings 33.0 per passenger per kilometer.
- 5.3 Urban Student fare be pegged at half the minimum fare paid by adults, that is Shillings 150.0 per journey.

## **6.0 FOLLOW UP MEASURES**

The Board called upon the operators to abide by conditions of road licence including:

- (i) Bus operators making a provision for standing passengers for buses properly configured and

mark clearly the number of sitting and standing passengers.

- (ii) Bus crew must wear neat uniforms and tags showing the registration number of their buses.
- (iii) Adequate insurance must be taken to cover all passengers.
- (iv) Transport license to be issued in line with number of standing and sitting passengers.
- (v) Due compliance with laws and regulations governing road transport bus services and the Police Force be urged to enhance enforcement of both traffic and licence conditions.
- (vi) Management should step up efforts to encourage bus operators and other stakeholders for early formation of companies to provide commuters bus service in cities.

## 7.0 EFFECTIVE DATE

The Order shall come into effect seven (7) days after a public notice is published in widely circulated newspapers.

Dated at Dar es Salaam this <sup>11<sup>th</sup></sup>.....day of February, 2011.



Judge (rtd) B.D Chipeta  
**Ag. Chairman of the Board  
of Directors**



I.Z. Sekirasa  
**Director General**