

THE UNITED REPUBLIC OF TANZANIA



For Competitive, Efficient, Quality and Safe Transport Services

Surface and Marine Transport Regulatory Authority
Mamlaka ya Udhibiti 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 02 OF 2011 BY
TANZANIA BUS OWNERS ASSOCIATION (TABOA)**

ORDER NO SMTRA/02/ 2011

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

1.0 APPLICATION

On 8th and 17th December, 2010, **The Tanzania Bus Owners Association (TABOA)** – Tanga and TABOA Head Office in Dar es Salaam submitted applications to SUMATRA for upward review of inter-urban bus fares. The proposed increase ranged between 16.6% and 185% from the current fares.

1.1 REASONS ADVANCED BY TABOA TO SUPPORT PROPOSAL FOR INCREASE OF INTER-URBAN BUS FARES

According to the application, the proposed inter-urban bus fare increase was supported by the following:

- (i) Increased cost of operations including rise in fuel and spare parts prices
- (ii) Increase in various taxes.
- (iii) Inflation and depreciation of Tanzanian shilling between March 2009 and January 2011.

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 6th January, 2011 at Karimjee Hall in Dar es Salaam.

Stakeholders who submitted their views in writing opposing the application included the SUMATRA Consumer Consultative Council (SUMATRACCC) and Chama cha Kutetea Abiria (CHAKUA).

2.1 Views in support of the application

In support of the application, stakeholders observed that there were high operating costs due to -

- (i) Increased fuel prices by 28% between years 2009 and 2010.
- (ii) Poor road conditions which increased wear and tear of buses.

- (iii) Low level of bus utilization due to Government's ban on night travel.
- (iv) Variety of taxes , salaries and other mandatory fees and
- (v) Continued depreciation of Tanzania Shilling.

2.2 Views opposing the application

Views expressed by the stakeholders opposing the fare increase included the following:

- (i) The average occupancy ratio of 40% presented by TABOA was not realistic, as generally it ranged between 70% and 100%.
- (ii) Reasons advanced by TABOA for increased operational costs did not justify the fare increase of over 100%.
- (iii) Use of touts by bus operators/agents increased operational costs.
- (iv) Bus owners were responsible for avoiding unnecessary costs such as penalties due to overloading and reckless driving.
- (v) TABOA should negotiate with banks for lower loan interest rates.

- (vi) Costs incurred by TABOA in paying bus agents and touts were not reflected in the computation of operation costs regardless of the fact that they continued incurring the costs everyday.

3.0 MATTERS TAKEN INTO ACCOUNT

Analysis of the application took the following factors into consideration:

- (i) the cost of producing transport services including cost of capital, depreciation, loan interest, repairs and maintenance, insurance, wages and fuel price;
- (ii) stakeholders' views both at the stakeholders' meeting and written submissions;
- (iii) macroeconomic factors;
- (iv) taxes and other mandatory fees;
- (v) roads conditions;
- (vi) affordability of the service by consumers;
- (vii) 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 over-statement and under-statement in computing some factors by both the applicant (TABOA) and consumers (SUMATRA CCC). Such errors could inflate or deflate cost of rendering public transport service.
- (ii) Analysis by both TABOA and SUMATRA CCC considered single route distance, thus ignoring the fact that the economic bus fare was distance-dependent.
- (iii) The need to take into consideration all necessary factors/ variables in computing the fares so as to arrive at equitable fares.
- (iv) 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.

5.0 ORDER

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

5.1 Fares for paved roads shall be as follows:

- (i) Fares for ordinary buses be raised from Shillings 26.6 to 32.20 per passenger per kilometer.
- (ii) Fares for semi luxury buses be raised from Shillings 40.7 to 45.53 per passenger per kilometer.

- (iii) Fares for luxury buses be raised from Shillings 46.6 to 51.64.

5.2 Fares for un- paved roads shall be as follows:

An adjustment of 23% be made to cover for the extra costs incurred due to poor road conditions and promote availability of transport service to disadvantaged areas. Thus ordinary bus fare per passenger per km on unpaved roads and remote areas be raised from Shillings 32.70 to 37.80

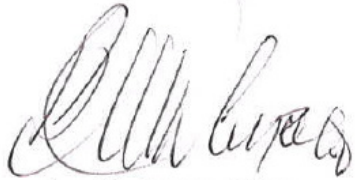
6.0 FOLLOW UP MEASURES

- (i) service providers should charge fares strictly according to the bus classes;
- (ii) Upper class buses must have all the necessary attributes for the classes, otherwise they must not charge fares for those classes;
- (iii) The use of touts should be avoided completely;
- (iv) Tickets must be sold at booking offices and not otherwise;
and
- (v) Bus operators must abide by all rules and regulations in road transport.

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 ^{11th}.....day of **February**, 2011.



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



I.Z. Sekirasa
Director General