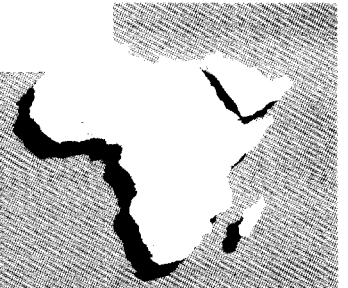


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Public Transport Microenterprises — Formalization Experiences in South Africa

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This note outlines the progress achieved by the Western Cape Provincial Government to attain formalization of the minibus taxi industry, envisaged in terms of the National Taxi Task Team (NTTT) recommendations released in September 1996. The Western Cape departed from the other eight Provinces of South Africa by deciding to commit key elements of the NTTT recommendations to legislation in the Western Cape Road Transportation Act Amendment Law. This action was prompted by the determination of the Provincial Minister of Transport to halt the violent situation that had characterized the Minibus Taxi Industry until then.

The formation of a Provincial Taxi Working Group (PTWG) backed by this legislation has been an effective means to advance the formalization process in the Western Cape Province. This initiative is currently at its most active, and will continue through the remainder of 1998 and into 1999, until the minibus taxi industry has been fully regulated. Training and economic restructuring measures are also being provided according to the NTTT recommendations.

Between the early 1980s to mid-1995, the Minibus Taxi Industry grew at a phenomenal rate. The position of the minibus taxi industry over other transport modes was strengthened by commuters' perception that it was a community-based industry, surviving against the apartheid authorities and without any subsidies. Government policy during the 1980s further allowed market forces to determine entry into the minibus market, thus encouraging almost any applicant to be granted a permit to operate a minibus taxi. Thus, by the mid-1990s the minibus taxi industry was not only over-traded, but was in dire need of being formalized and regulated.

The National Taxi Task Team (NTTT) was formed in April 1995 as a government proposal to involve the players from the industry in finding sustainable solutions to the problems that plagued the minibus-taxi industry. Since the release of the final recommendations of the NTTT in September 1996, significant progress has already been made to finalize and restructure the minibus taxi industry.

While all nine provinces have earnestly embarked on the process, the Western Cape Provincial Government, under pressure to curb violence in the industry, decided to legislate certain key aspects of the NTTT recommendations. In addition, the province has advanced the formalization



process with an urgency that is now beginning to pay dividends. This note records the Western Cape's response to the NTTT recommendations and the progress made in the period September 1996 to mid 1998, and then provides a brief insight into the direction that the formalization process will move to in the mid-term.

At the start of the formalization process in September 1996, the Minibus Taxi Industry in the Western Cape had a fleet of some 7,500 vehicles of which 5,500 had legal permits, while 2,000 were "pirate" operators. It is estimated that some 80 percent of the fleet is based in the Cape Town Metropolitan Council area which covers the region within a radius of 30 km from the center of Cape Town. With a fleet replacement value of R 700 million and an industry turnover of some R 1 billion per annum, the minibus taxi industry has a significant business presence in the public transport sector in the Western Cape. Passengers carried daily by minibus taxis numbering 150,000 can be compared with 380,000 by bus and 650,000 by commuter rail in the Cape Metropolitan Council Area.

The period from January to September 1996 leading up to the publication of the NTTT recommendations in September 1996 saw severe confrontation and violence in the minibus taxi industry in the Western Cape that led to the death of 65 drivers, passengers and others caught in the crossfire. The main cause of the violence was the competition for routes and ranks between CATA and CODETA, two federal taxi associations operating in the Cape Metropolitan Council Area.

In an attempt to grasp the underlying causes and to put an end to the violence, the Provincial ministers of Transport and of Police Services initiated a Ministerial Committee on Taxi Violence that was constituted in August 1996.

The minibus taxi industry had by September 1996 formed itself into some 200 taxi associations throughout the province. As was the case in other provinces, the authorities had all but lost control over the allocation of vehicles to specific routes. Permit conditions for permits previously issued to minibus taxi operators by the Road Transportation Boards, bore (and still bear) little relationship to the actual route or network of routes where their minibus taxi vehicles operate. Decisions as to who should operate on which routes were in the hands of the minibus taxi industry and likewise the enforcement of the taxi industry agreements was carried out by the industry itself. This situation was unacceptable due to the potential for industry enforcement to be carried out by violent means.

Legislation

In terms of the NTTT recommendations, the formalization of the minibus taxi industry depended on the cooperation of the industry to voluntarily submit themselves to the process. In view of the urgent need to arrest the violence pervading the industry, the Western Cape Provincial Cabinet in October 1996 approved the move to produce legislation enacting the most critical aspects of the formalization process. This would effectively make the formalization process a legal matter rather than a voluntary process.

The legislation was entitled the Western Cape Road Transportation Act Amendment Law, No. 8 of 1996, and is an amendment to the Road Transport Act, No. 74 of 1977. The Western Cape Road Transportation Act Amendment Law, 1996, promulgated in the Western Cape Provincial Gazette of 6th December 1996, contains the following provisions:

- A definition of a minibus taxi service as "A service for the conveyance of passengers rendered by means of a motor vehicle with a carrying capacity of not less than nine persons, and not more than 16 persons, including the driver, with no prescribed timetable or fares."
- The appointment, powers, duties and functions of the Provincial Taxi Registrar.
- The requirement for the registration of minibus taxi associations and members. This section defines the criteria for registration of federal and primary associations, such as the need for a constitution and code of conduct to be adopted by an association. The legislation further requires all members to be in possession of a public carrier permit before registration can be completed.
- Regulations are provided which can prescribe the minimum size of associations, the time that they should be in existence, and the setting of annual and joining fees for members of associations.

The amendment law also provides that new permits may only be awarded for a route or network of routes, and not defined as an operation within a specific radius. Provision is also made to specify the exact points of picking up and dropping passengers along a specific route.

Finally, the law enables the Road Transportation Board to recall existing permits and amend the conditions of such permits to reflect the route or network of routes on which the permit holder actually operates.

The Provincial Taxi Working Group

The promulgation of the Amendment Law was immediately followed by a campaign designed to continue the momentum gained by the start of the implementation of the NTTT recommendations and the promulgation of the Law. For this purpose a Provincial Taxi Working Group (PTWG) was formed to continue this momentum, and also to implement the wider scope of the NTTT recommendations in the Western Cape. In addition to the authorities, the conveners of subcommittees or "Focus Groups" were given the authority to invite specialists and interested and affected parties to join the groups.

Focus Groups

The NTTT recommendations concentrate on a number of key areas which need to be improved in order for the taxi industry to play its rightful role in effective passenger transport. The PTWG categorized these focus areas and formed focus groups, which are responsible for achieving short and medium term goals forming part of the formalization process. The work of focus groups has been:

Legalization Focus Group

The legalization focus group, led by the Chairman of the Local Road Transportation Board (LRTB) has two broad objectives, namely

- to legalize illegal operators who meet the criteria for the Special Legalization Process, as recommended by the NTTT, and
- to recall and amend all existing radius permits to route-based or network permits.

The focus group actively encouraged operators to apply for permits through the NTTT Special Legalization Process (SLP). By the 31 October 1997 deadline, a total of 1,701 applications for the SLP had been received.

In accordance with the NTTT recommendations, the LRTB also embarked on a procedure through which all existing minibus taxi permits will be amended to clearly reflect the route or network of routes operated on. In order to obtain consensus with associations and their members, the focus group entered into a process of exploratory discussions with each of the 180 associations.

Registration Focus Group

The Acting Provincial Taxi Registrar leads this focus group. The group's objectives are to establish a register of taxi associations and operators, facilitate the appointment

of the Provincial Taxi Registrar, his assessors/advisors and his staff, as well as the setting up of his office, establish an administrative system for handling applications and the setting up of the register, and to determine and provide for the funding requirements relating to the registration process.

The Acting Provincial Taxi Registrar, with the assistance of work group members, initiated the process by informing operators and authorities about the registration process and made preliminary arrangements for the receipt of application forms. By the end of June 1998, the statistics with regard to registration of Western Cape taxi associations were as follows:

	Applications received	Registered
No. of Associations	185	137
No. of Operators	4,817	3,999
No. of Vehicles	6,900	5,969

As one of the criteria for registration, members of all associations have signed the constitutions and codes of conduct of their individual associations as a token of their undertaking to bind themselves to the conditions contained therein.

Taxi Marking Focus Group

Associations are through the registration process requested to identify all operators and vehicles on a particular route. This information is evaluated against the information of the LRTB, and the local authorities. Local authorities also check whether the identified vehicle was issued with a rank token.

The taxi marking focus group completed its mandated task by developing a specification for the display of special permanent markings for formalized minibus taxis. The regulation makes it compulsory for taxi operators to affix permanent markings to their vehicles when required to do so by the Local Road Transportation Board. The permanent markings indicate the route number(s) that the operator is entitled to operate in terms of his new SLP permit or his amended permit.

Enforcement Focus Group

A coordinated enforcement campaign is being planned to coincide with the completion of the permanent vehicle marking program. In order to prepare traffic officers for this campaign and to create communication lines between the different traffic departments, workshops are being arranged to allow traffic officers to raise questions

and concerns about the practical enforcement of the Western Cape's Road Transportation Act Amendment Law and all regulations promulgated in terms thereof.

The first regulation to be enforced was the regulation pertaining to the bearing of interim stickers by those taxis operating from eight ranks in the Cape Metropolitan area.

Taxi Industry Liaison Focus Group

When the PTWG was formed in December 1996, the minibus taxi industry was in a fragmented state. The industry representative body did not enjoy the support of all taxi associations in the metropolitan area let alone the province. The Provincial Taxi Office could not function effectively while these representatives were using it as a base from which to strengthen their own position.

Economic Restructuring Focus Group

One of the main functions of the economic restructuring focus group is to identify a National DoT funded pilot project for economic assistance. This project could involve the setting up of a cooperative with the associations and operators as members.

Training Focus Group

The PTWG agreed that Modalink, the Section 21 company which was set up to promote public transport in the Metropolitan area, should lead the training drive in the Cape Metropolitan area. Modalink appointed a permanent Human Resource Development officer who took charge of training programs for public transport operators. Modalink, assisted by the Focus Group, embarked on a program of identifying and arranging training.

Media and Communication Focus Group

The communication focus group prepared an information booklet on the minibus-taxi formalization process. This booklet was published in November 1997, and copies were distributed to all local councils and traffic departments.

Copies of the booklet were also distributed to the taxi industry via their associations and the Provincial Taxi Office. The focus group will endeavor to create awareness among all stakeholders, including commuters and the general public, of the formalization process as it unfolds.

Metered Sedan Taxis Focus Group

The Metered Sedan Taxi and for-hire vehicle industry successfully appealed to the NTTT to focus on specific requirements for the restructuring of its industry. This led to the tabling of the NTTT's supplementary final recommendations relating to Metered Taxis in May 1997.

The Way Ahead

At the time of drafting this paper, the Western Cape Province had advanced by some 18 months into a formalization process that is highly complex and will likely involve a great number of minibus taxi owners and drivers.

The processes of registration and that of restructuring of permit conditions tied to a route or a restricted set of routes are programmed for completion by the end of 1998, and this will complete the first cycle of change.

The Western Cape has committed itself to transforming the minibus taxi industry into an effective, regulated and transformed transport mode, for the benefit of the users of public transport and those involved in the business itself.

The Urban Transport Component (UTC)

The goal of the Urban Transport component of the SSATP is to promote policy reforms. It pursues this goal through activities on institutional and regulatory framework, road safety — with special attention to pedestrians — research on micro-enterprises, an Urban Air Quality Management initiative, and by strengthening local capacity. There are currently 18 member countries.

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