

THE ROAD TO EMPOWERMENT OF THE MINIBUS-TAXI INDUSTRY IS FULL OF PITFALLS: Our experience and observations over many years

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1. INTRODUCTION

The taxi industry has over the years crept into the hearts of the South African community. Firstly, during the freedom struggle taxi operators risked being arrested when providing an alternative to the government-supported bus service. Secondly, the industry was seen as the sector that would bring fame as the first really successful black empowerment sector. One immediately asks why the minibus-taxi industry could not have progressed more successfully, since it controlled more than 65% of the market and was also popular with the community and government. However, the instability prevalent in the industry undermined its progress and success and prevented it from reaching the point of full formalisation and empowerment and becoming a reliable business partner.

2. OBJECTIVES OF THE PAPER

The paper has the following objectives:

- a) To share our experience with people and organisations that are working with the minibus-taxi industry.
- b) To contribute to overcoming the obstacles that continue to hinder the minibus-taxi industry from reaching its full potential.
- c) To make professionals, officials and ordinary people aware of potential pitfalls and obstacles they may encounter when working with the minibus-taxi industry.
- d) Last but not least, to warn the minibus-taxi industry about the dangers they create themselves, especially in the way members of the minibus-taxi industry conduct their business.

PITFALLS

The pitfalls may be classified into five categories:

- a) Development initiatives
 - i) The minibus-taxi industry draws large numbers of passengers to the taxi ranks and loading points. These people also happen to be the potential clients of many commercial businesses. These ranks and loading points create an opportunity for business developments at taxi ranks and pick-up points. The problem with such developments is that the business potential, which the minibus-taxi industry created through its transportation

business, is seldom formally shared with the minibus-taxi industry. Instead the developers attempt to bribe, and in most cases also succeed in bribing certain leaders in the minibus-taxi industry. The result is that development does not take place in the minibus-taxi industry as these corrupt individuals abscond with the money and the minibus-taxi industry, as a whole, does not benefit.

- ii) The second pitfall concerns the positioning of ranks on private property. Initially it seems a good opportunity for the private sector to provide ranking facilities. The real test comes when the relationship between the minibus-taxi industry and the owner of the property sours because, for example, some taxi drivers do not obey the rules at the rank, or play their music too loudly or do not keep the rank clean. In such a case the owner might decide to ask the taxis to vacate the parking area. As a result, the taxis may start to park on the street or in the street reserve next to the development. When this happens, the need for ranking becomes a burden on the local authority and the surrounding landowners.
- b) When members of the minibus-taxi industry do business with people outside the minibus-taxi industry
- i) Emanating from the previous issues and closely linked to them are cases where the minibus-taxi industry does business with people outside the minibus-taxi industry. All too frequently the minibus-taxi industry either does not participate in the projects because its members were not considered or because their leaders were bribed to consent to a particular project.
 - ii) Another case in point is a project that is started with the support of the minibus-taxi industry but where no formal agreement was drawn up to protect the interests of the different parties (industry and private business or individuals). As a result, the members of the taxi industry have no legal way of claiming their share of the benefits generated by the development or business deal.
 - iii) The third issue regarding deals with people outside the minibus-taxi industry is that people do the deal informally. It should also be understood that although many people in the minibus-taxi industry are business-oriented, their experience lies mainly in providing and operating a transport business and they do not necessarily understand or have the experience and knowledge to conduct other kinds of businesses. But there are also rogues, perhaps they can even be called crooks, in the minibus-taxi industry whose intentions are less than honourable. For all or some of the above reasons, many people who did business with rogues in the minibus-taxi industry suffered because the deal did not work out as planned.

However, when working with the minibus-taxi industry it should be kept in mind that its strength lies in the sheer number of taxi operators and the vast numbers of passengers who flow through a facility, and not in any individual. If an individual is particularly strong, such a person quickly tends to become a bona fide businessman. However, the development of the minibus-taxi industry is set back considerably when deals are not properly managed. Then the message spreads that one cannot rely on

deals with the minibus-taxi industry, so the minibus-taxi industry becomes excluded from more and more deals. These are lost opportunities where the industry could have played a major role in bringing clientele to the business venture and shared in the benefits of the venture.

c) Leadership and membership

Democratically elected leaders nowadays head the minibus-taxi industry. Ever since 1997 - 1998 when the standard constitutions were accepted by the minibus-taxi industry and the first democratic elections took place, the current leadership of the minibus-taxi industry does represent the majority of the operators. There are problems, however, because many leaders are not very successful in performing their duties and in the delivery of services that fulfil the expectations of the industry's members or clients.

The issues relating to leadership and membership that create pitfalls hampering the development of the minibus-taxi industry include the following:

i) Leaders do not report back to the members:

Initially the leaders reported back after they had attended meetings and obtained a mandate for the next meeting, but as time went by they discovered that they could get away with not reporting back every time. They tend increasingly not to bother with consulting the members as this takes time from their busy programmes. Later they begin to feel guilty and tend to skip the Executive and members' meetings.

ii) Leaders do not attend meetings:

In some cases the leaders are delegated to attend certain meetings but fail to do so for many reasons. By not attending the meetings the association and its members lose out on lucrative opportunities to take part in processes or projects, or they lose the chance to state their opinion on issues. These leaders also cannot report back to the association and its members about what had been discussed and decided at the meetings. The result is that the members are not included in the formalisation and progress of the rest of the taxi industry.

Leaders are not remunerated for the services they render to the minibus-taxi industry:

Although the leaders are taxi owners they devote a lot of their time to the management of the taxi industry. This means that they have less and less time available for managing their own taxis. Eventually their taxis fall into such a bad condition and break down so often because of this lack of attention and maintenance that the taxis no longer bring in enough money and are no longer profitable.

iii) Leaders do not own registered vehicles:

Incredible as it may seem, some leaders in the taxi industry still do not own vehicles and permits themselves. This really undermines the confidence and authority with which such leaders can state the case for their associations. Because they are not dependent on the progress of the industry they tend to lose the sense of urgency that is imperative in addressing matters involving the industry. Pressure is brought to bear on

such leaders for not owning a vehicle, so that they find difficulty in persuading some members to agree to the implementation of measures to formalise the industry.

d) Regulation and control system;

There had been a quasi *de facto* deregulation of the minibus-taxi industry during the late 1980s. It is now general knowledge and the official policy of government that the industry needs to be controlled and regulated. Taxi services will be provided on the basis of operating licences and formal Passenger Transport Plans which will determine the need for transport along the different corridors. The various provincial and local authorities have recently started to implement the requirements of the National Land Transport Transitional Act (Act 22 of 2000). One requirement of this Act is the Operating Licensing Strategy in terms of which taxi services have to be provided.

The pitfalls with regard to regulation and control include the following:

- i) The slow pace at which the regulatory system is being implemented.
- ii) The lack of law enforcement to protect the legal taxis and keep the illegal operators off the routes.
- iii) Corruption in the issuing of permits to operators.
- iv) Little or no provision of ranking facilities. If there are no ranking facilities, taxis are forced to park on the sidewalks and on street corners where passengers determine the need for transport, and if the taxi operators are to survive they have to provide an accessible service to passengers.

e) Formalisation:

Considering the history of the origin and development of the minibus-taxi industry, many organisations, people and the new government had high expectations that the minibus-taxi industry would develop into a giant formal and united business. These expectations were close to being realised when the recapitalisation process was announced. Then the process was derailed as had happened so many times during the development of the minibus-taxi industry. Every time the minibus-taxi industry has stood on the brink of the final phase of formalisation and of starting to reap the fruits of unity and formal business practices, the process becomes derailed. Although there are many speculations about why this happened, it is not possible to put a finger on the reason or persons responsible for the derailment.

There are a number of pitfalls facing the minibus-taxi industry on the way to becoming a fully fledged formal business:

- i) Members of current structures in the minibus-taxi industry fear that a more democratically co-operative system could result in their losing some or all of the benefits and perks that they currently receive and enjoy.

- ii) Some private sector businesses currently have deals with the minibus-taxi industry and because these business owners fear that they might lose their market, they are capable of deliberately destabilising the minibus-taxi industry to keep their market share.
- iii) People who benefit from the negotiations for the formalisation and development of the minibus-taxi industry could also prolong the process if they do not receive a fair deal or if the process does not go according to their plans.
- iv) The formalisation plans and strategies are not always explained clearly and in the correct manner to the members of the minibus-taxi industry. The owners and drivers may misunderstand the strategies and feel threatened by the possibility that they could lose control of their businesses, which they had built up through hard work despite many frustrations. This was the main issue that delayed the minibus-taxi industry's acceptance of the co-operative principles during the initial stages. The lack of clear and adequate information will for example make an operator reluctant to support a change, even if it would be for the good of the operator and the minibus-taxi industry. In this regard the recapitalisation project is a good example of disseminating inadequate information to the minibus-taxi industry to persuade them to buy into the project. For example, they did not receive a proper answer when they asked how much the new vehicles would cost.

3. GUIDELINES FOR DEALING WITH THE MINIBUS-TAXI INDUSTRY

The following guidelines are important when dealing with the minibus-taxi industry or when the minibus-taxi industry spends time on formalising and developing itself:

- a) Development initiatives:
 - (i) The minibus-taxi industry needs to become partners in the development projects, not necessarily by running a project but rather by benefiting from the spin-offs and profits produced by the development.
 - (ii) Taxi parking and ranking should always be protected by legal means, such as land-use zoning or by registering a servitude on the property.
- b) Business with people outside the minibus-taxi industry:
 - i) Business deals should be properly protected by legal agreements or contracts between members of the mini-bus taxi industry as individuals, associations and external business people;
 - ii) The minibus-taxi industry should be considered as a group, instead of considering only an individual member of the industry who might not represent the operators or if he/she does represents them, consideration should be given to what would happen if he/she were to be voted out.
- c) Leadership and membership:
 - i) Leaders should be compelled to report back regularly and in writing, not only to the Executive Committee but also to the general membership;

- ii) Official report-backs and keeping of the diary by the office of the association would ensure that leaders attended meetings;
 - iii) The industry should regard its leaders as important and pay them for devoting their time to the upliftment of the industry. They should be assisted with managing their vehicles to make sure their business does not suffer.
 - iv) The standard constitution requires that leaders should own vehicles, and members should be encouraged to notify the registrar if the leaders do not have such a business stake in the industry.
- d) Regulation and control system:
- i) Government will have to speed up the process of regulation and control.
 - ii) Law enforcement should be made more effective to protect the legal taxi operators.
 - iii) Corruption has to be eradicated by removing corrupt people from both the private and public sectors.
 - iv) If public transport is a priority then local authorities ought to devote more of their budget to upgrading the transport infrastructure.
- e) Formalisation.
- i) The structure of the industry has not been sorted out yet, as federal structures and newly elected taxi councils are both competing for and representing the same operators.
 - ii) The extent of the private sector involvement in the process of the formalisation of the taxi industry and should be investigated to determine the influence on the business development of the taxi industry.
 - iii) The facilitation of processes in the formalisation of the industry should form a holistic strategy to develop the taxi industry.
 - iv) When processes and schemes are developed for the industry, enough information should be provided to taxi operators so that they would be able to make decisions.

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Sias Oosthuizen

Sias is a **public transport specialist** with a M Eng (Transportation) and is especially well-known for his success in the development of liaison structures between the authorities and the taxi and bus industries. He has an effective way of working with the industry at all levels, particularly at grassroots level. Other fields of his experience include the development of passenger transport plans and strategies, the determining of the need for infrastructure, conceptual planning and design of public transport facilities. The East Rand and several other parts of South Africa have many examples of his expertise and input. Of late he has become involved in projects to stimulate and create jobs at grassroots level through the establishment of trading co-operatives. He was part of the team who developed, design and implemented the colour coding system in the City of Tshwane and the North West Province.

Moses Mhlambi

Moses is calm but decisive, has extensive experience dating from his days as union organiser and has completed courses with IMESA in **conflict handling, mediation and facilitation**. He is party to the success of the taxi conflict-handling process of the Eastern Gauteng Services Council. The taxi industry has confidence in his way of handling issues with insight and sensitivity. Facilitation and communication are activities he enjoys and can do well.