

# THE METER TAXI INDUSTRY OPERATIONS WITHIN THE MSUNDUZI MUNICIPALITY: CHALLENGES AND OPPORTUNITIES

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## **ABSTRACT**

Since 1994, the taxi industry transformation has concentrated mainly on the minibus taxi services. The meter taxi industry is also a very important mode of public transport – especially in the context of the country’s vision of modal integration and integrated, seamless public passenger transport services. The meter taxi industry plays a crucial role especially in the context of the tourism sector which has continuously experienced a sustained economic boom since 1994. With the 2010 FIFA Soccer World Cup drawing closer, the meter taxi industry is even facing greater potential opportunities in terms of passenger patronage. However there are a number of operational, regulatory and institutional challenges that needs to be addressed in order to ensure that the meter taxi industry provides a service that best meets the needs of its customers and renders a world class service.

Drawing from local and international experiences, the proposed paper seeks to discuss the current challenges and opportunities in the meter taxi industry within the Msunduzi municipality. The paper also seeks to recommend the necessary operational, regulatory and institutional interventions to transform the image and service quality of the meter taxi industry to a world class public transport passenger service and experience.

## **INTRODUCTION**

The meter taxi industry is also a very important mode of public transport, especially in the context of the country’s vision of modal integration and integrated, seamless public passenger transport services. However, since 1994, the taxi industry transformation has focused mainly on minibus taxis and not transformed the meter taxi industry.

The South African meter taxi industry plays a crucial role especially in the context of tourist services which, as a result of the sustained boom in tourism, has continuously experienced an economic boom since 1994. With the 2010 FIFA Soccer World Cup on the cards, the meter taxi industry is even facing greater potential opportunities in terms of passenger patronage. However there are a number of operational, regulatory and institutional challenges that needs to be addressed in order to ensure that the meter taxi industry provides a service that best meets the needs of its customers. This paper discusses the challenges and opportunities of the meter taxi industry within the Msunduzi Municipality. The paper also recommends the necessary operational, regulatory and institutional interventions to transform the image and service quality of the meter taxi industry.

## **LEGISLATIVE MANDATE**

The White Paper on Transport Policy (1996) highlights the vision of public transport services to be “customer based” by ensuring that passenger services meet needs of all types of users (pensioners, tourists, persons with disabilities, be accessible within walking distances of less than a kilometer in urban areas; be affordable -with commuters spending less than 10 percent of their disposable income on transport; be safe, secure, reliable and sustainable. Furthermore, information should be readily available for the assistance and convenience of passengers. Moreover, the registration of all public transport operators as formalized commercial entities, bound by the regulations pertaining to their permission to operate issues in terms of approved passenger transport plans takes place effectively and efficiently.

## **DEFINITION OF A METER TAXI**

In terms of the National Land Transport Transition Act, Act No. 22 of 2000 (NLTTA), (Although the National Land Transport Bill was going through Parliament, at the time of writing this paper the NLTTA was the current legislation) - A meter taxi service is a public transport service operated by means of a vehicle which is designated, or lawfully adapted, in compliance with the Road Traffic Act (Act No. 93 of 1996) to carry fewer than nine seated persons, including the driver. Furthermore, the distinctive feature of a meter taxi service from other services is that:

- It must be available for hire by hailing, by telephone or other any other means;
- May stand for hire at a rank;
- Is equipped with a sealed meter, in good working order, for the purpose of determining the fare payable. However, the Act (section 91 also makes provision for the fare to be agreed upon between the driver and the passenger(s) concerned before the journey begins.

As this paper will discuss, the ideals enshrined in the above-mentioned policy and articulated in the legislation are generally still far from being realized with regards to the quality of service and operations of meter taxis in South Africa.

## **FROM PLANNING TO ACTION**

In March 2007 the Cabinet of the Republic of South Africa approved the Public Transport Strategy and Action Plan as the country's blue-print for the improvement of the public transport system across all modes. In order to improve access to public transport services, one of the most fundamental proposals of the Strategy is the extended hours of operation up to 16 to 24 hours a day. Phase 1 of the Action Plan (2007 to 2010) prioritizes the Soccer World Cup flagship projects with a major focus on host cities.

International experiences from abroad indicates clearly that in order to effectively achieve the public transport extended hours of service, the role of meter taxis is crucial especially during off peak and late night.

With regard to metered taxis, in mid 2008, the National Department of Transport initiated a consultative process for the development of a draft strategy for the transformation and improvement of the meter taxi industry. The draft strategy "sets out the national intention to grow, promote and strengthen the role of metered taxis in the Public Transport system"(Department of Transport, Draft Meter taxi implementation strategy (February 2009). The strategy outlines reforms across a broad range of areas such as regulation, vehicle standards, driver training and testing, etc, to improve the service quality. At the time of writing this paper, the consultation process was still under way and would inform the final strategy to be approved by the Minister of Transport and then implemented at provincial and local levels.

## **THE CURRENT SCENARION IN THE METER TAXI INDUSTRY OPERATIONS WITHIN THE MSUNDUZI MUNICIPALITY**

### The local context

The Msunduzi Municipality (Pietermaritzburg), is the capital city of KwaZulu-Natal. The Msunduzi Municipality has recently been conferred a metropolitan municipality status. Pietermaritzburg is located just 45 minutes by road from Durban and 1 hour from O.R. Tambo International Airport by air. Pietermaritzburg is an educational centre excellence; a home of the world's renowned events such as the Comrades Marathon; the Duzi Canoe Marathon; the Midmar Mile; Art in the Park; Cars in the Park and recently the World cup of Mountain biking for the next 3 years. The city also has rich political history where one can "walk in the footsteps" of Mahatma Gandhi, Nelson Mandela, Alan Paton and many other truly great South African leaders and personalities. It is against this background that the city is one of the major tourists and visitor attractions and destination. The Msunduzi's vision is "to become a globally competitive Metropolitan City of Choice which capitalizes on its strategic location, environment, cultural heritage and educational facilities creating a choice and quality of Life for all" (IDP 2006-2011).

Given the above factors and activities within the Msunduzi Municipal boundaries, the demand for quality, efficient, attractive and user friendly public transport system is essential to give the visitors and local people a transport service experience that complements the attractions the city offers.

The Msunduzi city has a glaring lack of (quality and safe) public transport services especially after hours. This is a serious challenge as there is a huge demand for mobility by a lot of students and night club patrons who mostly are drunk and should not be driving but end up taking risks and driving, getting arrested or causing serious accidents. For example, recent statistics of road blocks conducted by the Road Traffic Inspectorate (RTI) and the Msunduzi Traffic Department indicate that more than half of the drivers charged for drunken driving in the KZN Province as a whole were arrested in Pietermaritzburg/Msunduzi boundaries (147 out of 235 during Easter weekend, 2008 and 658 out of 1 340 during the festive season 2008) (KZNDoT, 2008). This is a constant trend even during weekends and weekdays during the year. Whilst this is a result of many factors and irresponsible behavior, there is no doubt that a safe, reliable, affordable and efficient after hours public transport services in the form of meter taxis will play a key role to make an intervention to reduce this trend.

## The Challenges in the Meter taxi industry in Msunduzi area

### ***The Meter Taxi Licensing***

Meter taxi licensing is one of the biggest challenges that has the potential to make or break the successful regulation and improvement of the industry. In terms of the NLTTA any passenger transport services provided for a fare or other consideration or reward constitutes a public transport service and requires an operating licence. The operating licence is granted by the relevant operating licence board following a recommendation from the relevant planning authority (municipality). The vehicle must have a valid roadworthy certificate. A detailed description of the route or routes (or radius – for meter taxis) as well as authorized ranks or terminals and other points for picking up and setting down passengers where the vehicle is to be used must be specified to obtain the operating licence. The applicant must obtain a pro-forma application form, complete it and then the form is submitted to the Operating Licence Board for a decision to grant or not to grant the permission. The municipality's recommendation must be taken into account as it is the function of the municipality to provide ranking, loading and holding facilities for public transport services. However, in practice the meter taxi licensing requirements do not take place as envisioned in the Act. In most cases, the Provincial Operating Licence Boards do not even seek a recommendation from the municipalities and the transport plans are not being utilized to assess the need and inform the decision-making process. In view of the current fragmentations (illegal operations, etc) of the meter taxi industry with the municipality, the Msunduzi municipality placed a moratorium on new applications until a public transport operations plan and policy has been developed and finalized. In developing this plan, the municipality will form a number of task teams including the Meter taxi task team. This plan is currently being developed and should be completed by September 2009.

Currently, the meter taxi industry within the Msunduzi municipal boundaries is neither formalized, regulated nor properly licensed. Therefore it is not possible to accurately quantify the extent of the industry. However, there is no doubt that there are illegal meter taxi operations which do not comply with the legislative prescripts with regard to licensing, designated ranking facilities, etc. This has negative impact on service quality, standards and customer (passenger) care and compromises passenger safety and security. This also limits the reliability and confidence to the meter taxi industry by potential passengers such as tourists and visitors to the city. For the sustenance of the industry and improved service quality for users, this needs to be addressed as a matter of urgency. This will also benefit the meter taxi industry as their image and patronage will improve as a result of quality service.

Furthermore, the majority of meter taxis operating within the Msunduzi area are very old, unappealing and do not portray a good attractive service image from a user perspective. It is also a given that they are not comfortable and most of them are unroadworthy. The majority of the drivers do not inspire confidence with regard to customer care, being presentable and professionalism to say the least.

### **Illegal Branding**

The illegal branding and lack of uniformity of branding of meter taxis is another serious matter that needs to be addressed. In the context of Msunduzi municipality, there are certain meter taxi operators whose vehicles are branded with the official logo of the Municipality. This is a matter of great concern which must be addressed as these meter taxis “portray themselves” to be “accredited” by the municipality whilst they are not. The logo of the municipality needs to be protected against abuse and “ambush marketing”. The city has resolved to address this matter in the process of the transformation and regulation of the meter taxi industry the city has recently started.



Photograph 1: One of the many illegally branded Meter taxis using the official 2010 FIFA Soccer World Cup logo in the Msunduzi area.

The 2010 FIFA Soccer World Cup presents an exciting opportunity for the South African Meter taxi industry as a whole with regard to potential patronage due to visitors coming into our country to watch the soccer showpiece. However, the process needs to be effectively regulated and licensed and accredited to ensure high quality services. Currently, there is a boom of opportunistic illegal branding by meter taxis who just want to benefit from the upcoming event without providing quality service. In the Msunduzi area, as seen in the above picture, there has been an upsurge of illegal meter taxis which utilize the official FIFA 2010 Soccer World Cup logo illegally. This constitutes “ambush marketing” and in terms of the regulations as Proclaimed by the Minister of Trade and Industry, the use of certain words and emblems for the 2010 FIFA World Cup South Africa is prohibited with effect from October 2007 as proclaimed in Government Gazette Notice Number 30359 as published on 21 June 2007. Public awareness and education and eventually enforcement is required in this regard as this may compromise service quality when “non accredited” operators unfairly use the quality control mechanism that have been put in place to ensure service quality.

To indicate FiFA’s seriousness and intolerance of ambush marketing, FIFA recently took legal action and won a court case against a Pretoria tavern (in the vicinity of Loftus Stadium) which had placed the words “World Cup 2010” below its main sign on the roof ( Page 12, Sunday Times Business Times of 26 April 2009). In the judgment, the tavern was ordered to take down all the signs and also pay FIFA’s legal costs. A law firm working with FIFA said the North Gauteng court ruling against the tavern “sends out a clear signal to any other organization or individual considering ambush marketing that they will suffer untoward consequences” (Ibid).

### **USE OF SEALED METERS FOR FARE DETERMINATION**

The majority of meter taxis operating within the city do not have sealed meters to determine the trip fare to ensure that the service becomes fair and equitable especially to commuters. As a result of the lack of sealed meters there is a lot of fare discrimination for passengers. There is also no doubt that the pricing that is used by meter taxis set either by individual operators or associations collusively. This goes against the Competition Act, Act No. 89 of 1998 – which prohibits any agreements; directly or indirectly fixing purchase or selling price or any other selling condition - between competing firm or associations. In order to safeguard the commuter interests, there is a need to address the issue of sealed meters or at least a uniform fare structure which can be readily

accessible to passengers so that they can make well informed choices in planning their trips and choosing preferred mode to use.

Another critical challenge with regard to the meter taxi operations within the city is the lack of compliance to operating permission by the majority of meter taxis with regard to designated parking/holding areas for meter taxis. Most meter taxis who illegally park in the city centre are supposed to be operating from their respective bases as provided for in terms of their operating rights granted. However, most meter taxis illegally park in areas not designated for them in most part of the city centre where they solicit business from potential passengers.

There are two types of meter taxis operating in the city: 1) There are meter taxis operating without a control centre and who acquire business (passengers) by means of parking their vehicles at ranks and cruising past known pick-up points; or distributing business cards to retain regular clients. 2) The second type of meter taxis are those that have a control room where potential passengers phone to call or book a taxi to come and pick them up from their origin to destination. Some of these taxis have sealed meters used to determine the fare.

As a result of the informal nature of the meter taxi industry, the precise number of meter taxis operating in the city is unknown as many of the meter taxi operators are illegal and not registered as meter taxi operators or for tax purposes in terms of the NLTTA.

## **INTERNATIONAL EXPERIENCES AND PRACTICES**

In many cities abroad such as Los Angeles, London, etc - meter taxis are strictly regulated and accredited by means of strict driver training and licensing as well as stringent vehicle licensing. Meter taxi drivers undergo extensive training and assessment in customer care, driving skills as well as city orientations with regard street names and geographical location of various places (tourist attractions, etc).

### **The Case study of the City of London**

In 2001 the city implemented the Private Hire Vehicles (London) Act, 1998. This Act requires all meter taxi vehicles and drivers to apply and be licensed accordingly as meter taxi operators.

#### ***Driver Licensing***

To be licensed as a meter taxi driver, the driver must meet the following conditions:

- Have detailed knowledge of the city's roads and places of interest and important landmarks within the city;
- Pass the Public Carriage Office (PCO) exam on knowledge of the city including shortest routes to destinations;
- Clean criminal record;
- No serious driving convictions;
- Medically fit;
- Route finding skills; and
- A driving licence 3 years and older.

#### ***Vehicle Licensing and branding***

All meter taxi vehicles are required to have a Public Carriage Office (PCO) licence. The vehicle must be roadworthy and undergo regular checks by the PCO. All meter taxis have uniform branding (e.g black cabs).

#### ***Fares***

The meter taxi fares in London are determined by the Transport Authority (Transport for London) using an agreed cost index based on national average earnings and taxi operating costs. The fares are approved and reviewed as and when required by the Transport Authority Board. This helps ensure that commuters are not subjected to fare discrimination.

### ***Ranking facilities and operating base***

Meter taxis in London as well as many other cities around the world can be booked in advanced by telephone, hailed on the street or taken from a designated taxi rank. Legal meter taxis apply to be allocated designated ranks and are also required to submit details of operating base in order to obtain operating permission.

## **NATIONAL PRACTICES FROM OTHER LOCAL CITIES IN SOUTH AFRICA**

In most major metropolitan South African cities such as Cape Town, Johannesburg, Durban, Port Elizabeth and others, meter taxis are regulated by the City through the Provincial Public Transport Licencing Boards and the municipality.

### **Ethekwini**

In order to eradicate illegal meter taxi operations, In 2005 the Ethekwini Transport Authority embarked on a process to register and accredit all meter taxis in order for the users, in particular the tourists – to feel safe that the meter taxi industry provides a decent, safe and satisfactory level of service. The accreditation system introduced a new sticker which grants accreditation for 2 years. The colour of the sticker is changed every two years.

In order for the meter taxis to be accredited and licenced as a meter taxi, the vehicle must meet the following criteria:

- The vehicle must have a valid Certificate of Fitness (CoF);
- The taxi must have a specified operating private base and or designated rank;
- Permanent meter taxi markings on the vehicle – reflecting the name, address and telephone numbers of the owner or operator.
- Permanent fitted or fixed roof light;
- Paintwork must be dent-free; with no rust and the vehicle must be generally clean and tidy;
- Seats should not be torn or dirty;
- Carpets should be clean and hole-free;
- Sealed taxi meter for determining the fare and the tariff must be displayed;
- Seat belts must be in working order.

If the taxi meets these conditions, then it is accredited. Each accredited taxi is assigned a unique identity number which appear prominently to enable users to be able to lodge complaints by identifying the taxi using this unique number.

### **Gauteng Province (Pretoria, Johannesburg and Ekurhuleni Metropolitans)**

Gauteng province has had its own successes and challenges with regard to formalization, accreditation and regulation of the taxi industry.

In view of the oversaturation of the meter taxi industry, the Cities (Joburg, Tshwane and Ekurhuleni) decided to put a moratorium on new applications for meter taxis. This was done to give the cities time to formalize the existing operators and ensure the balance of supply and demand, and thereafter consider new applications if the transport plans and passenger numbers indicate a need for additional meter taxis.

Unfortunately, the Gauteng Operating Licence Board continued to issue new meter taxi operating licences without the City's recommendations. This has worsened the saturation of the meter taxi industry.

In an endeavor to come up with a best practice for meter taxis, especially with the FIFA 2010 Soccer World Cup in mind, the Gauteng Province implemented a flagship project of meter taxis called the "yellow cabs". The yellow cabs were introduced as a pilot project for the FIFA Soccer Expo that took place in 2007. The yellow cabs are of semi and luxury quality and offer high quality service. The drivers and vehicles were strictly licensed and accredited to offer a high quality and professional services. These vehicles are strictly monitored in terms of their service quality. Observations of these yellow cabs indicate that to a great extent provide one of the best practices which ideally should set the foundation for the transformation and improvement of the entire meter taxi industry in the country as a whole.

## **THE MSUNDUZI MUNICIPALITY'S INTERVENTIONS TO TURN AROUND THE METER TAXI INDUSTRY OPERATIONS WITHIN THE CITY BOUNDARIES**

In order to address the meter taxi challenges in the city, in October 2008 the Msunduzi Municipality initiated a process to comprehensively address the issues by developing a policy, strategy and also putting in place regulatory, operational and institutional mechanisms. But firstly, the city placed a moratorium on all new applications until the proposed policy, strategy and implementation plan is in place. In developing this plan, the municipality will form a number of task teams including the Meter taxi task team. This plan is currently being developed and should be completed by September 2009.

### **Bringing illegal operators into the regulated "net" and addressing the inter-governmental dynamic challenge of ensuring that plans inform the licensing process**

The city is currently undertaking a robust awareness campaign and stakeholder consultation process in order to get all illegal operators to come forward and register as part of legalization and interim registration process. The consultation processes includes the Msunduzi Tourism Association, and all (legal and illegal) meter taxi operators. The first step is setting and sharing the city's vision and also to listen to the industry's problems and inputs to transform, regulate and enhance the industry for the benefit of users. The issue of cumbersome licensing process and inefficiencies at the Provincial Operating Licence Board has so far been identified as a major factor causing illegal operations and lack of compliance to regulations by most operators. The lack of effective and punitive law enforcement has also been identified as an element that encourages illegal operators. In parallel to the ongoing consultation, the city is developing the policy, strategy and action plan to turn around the industry. The policy, strategy and plan will be informed by the Integrated Transport Plan (ITP) the city is in a process of developing in order to ensure the balance between supply and demand. The city's ITP will play a key role in this regards as previously the city relied on the District ITP. However, in terms of the new legislative transport planning arrangements, the Msunduzi is required to do Comprehensive ITP (CITP) as part of the 12 cities and this will assist a great deal to inform the licensing process.

Since the Metropolitan Advisory Board was dissolved, inter-governmental liaison and co-ordination has become a serious challenge. To address this problem, the city decided to set up a co-ordinating structure including law enforcement, licensing board, meter taxi industry role-players (drivers and owners), the local tourism association as well as passenger representations. The coordinating structure will meet on a regular basis and oversee the regulation, licensing and other operational issues (branding, standards, etc) that require interventions to improve the meter taxi operations in the city.

### **CONCLUSION AND WAY FORWARD**

The Meter taxi industry has a crucial role to play towards the realization of an integrated public transport service which is available at least for 18 to 24 hours a day. However, there is an urgent need for effective regulation and formalization process to be implemented to eliminate illegal operations and poor service quality to safeguard passenger safety, security and passenger needs. The Msunduzi's vision of becoming a globally competitive Metropolitan City of Choice cannot be met without an effective world class quality public transport system. The process to turn around the meter taxi industry in the msunduzi municipal area has a lot of challenges that needs to be overcome and requires effective leadership, consultation, management and effective regulation and law enforcement. The effective regulation and much more simpler but strict and efficient licensing process for the meter taxi industry in the city will go a long way towards making a public transport contribution towards the realisation of a world class meter taxi service which renders safe, comfortable and customer friendly service to give visitors and residents a decent service that is suitable to convey people during the 2010 FIFA Soccer World Cup and beyond.

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