Rethinking the formalisation of mini-bus taxi industry in South Africa

Louis Fourie

Study leader: Dr Pieter Pretorius
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Introduction

- Mini-bus taxis have become the main mode of public transport in South Africa
- Constitutes 65% of all passenger journeys
- Industry has a daily turnover of R15 million
- Provides transport to 5-10 million people on a daily basis
- Is lauded as a showcase of black capitalism in South Africa
Background to the problem

- However, the industry is plagued by
  - Poor road safety
  - Violence
  - Low financial margins
- These problems pose serious reservations about sustainability
- Government’s recapitalisation programme is already more than 4 years delayed
- View the case for formalisation of the industry afresh
Objective of the research

The aim of the research is to revisit the case for formalisation in an attempt to answer the following two questions:

1. Is formalisation (i.e. regulation) essential for the survival of the industry?
2. Which issues are critical to the improved performance of the industry?

Rationale for research:

• Improved public transport
• Black economic empowerment
• Delays in roll-out of recapitalisation programme
Research methodology

Three stage process:

1. Literature review (informal sector)
2. Data collection (secondary)
3. Data analysis through the application of the TOC Thinking Processes
TOC Thinking Processes

1 CRT Identify core problems
2 EC Resolving the conflict
3 FRT Vision for the future
Injection
4 PRT Implementation framework
5 TT Detailed action plan
Main findings

1. Poor regulation and control is the root cause of the majority of problems experienced by the industry. Additionally, the current structure and operation is not sustainable. Thus, the taxi industry will not survive without a degree of regulation.

2. In order to formalise the industry in a way that will ensure improved performance and sustainability of the industry, the process should facilitate the following:
   - Rationalisation of the route network and consolidation of different modes of public transport
   - Enhanced levels of service of taxi operation
Rationalisation of the route network

- Design an optimised public transport route network suited to the SA urban form
  - Feeder/distribution
  - Line-haul route
  - Mass transit

- Eradicate destructive competition by applying modal technology that is appropriate for demand conditions

- Consolidate and coordinate existing public transport operators

- Monitoring and control
  - Improved efficiency, cost recovery and profitability
Rationalisation of the route network
Enhanced levels of service

- Improved safety:
  - Vehicles designed for mass transit
  - Driver training and safety enforcement
  - Proper loading and transfer facilities

- Application of modal technologies that offer higher levels of speed, convenience and reliability

- Make public transport an attractive alternative to private car use. Higher public transport market share and increased profitability
Enhanced levels of service - Feeder, distribution
Enhanced levels of service – Line-haul
Enhanced levels of service – Mass transit
Eradication of destructive competition

- Diepsloot
- Soweto
- Sandton
- Alexandra
- CBD
Secondary findings

- Taxi industry must be viewed as part of wider public transport sector
- Government should retain a degree of strategic control to facilitate safety standards, congestion relieve and development integration
- Enhancing financial margins is central to the formalisation process
- To ensure sustainability, the taxi industry should set out to compete with the private car
Recommendations

- Rationalisation of public transport route network
- Facilitate enhanced levels of service
- Prioritise public transport over private car use
- Clarity on subsidy allocation
- Environment of effective monitoring and control
Comments on the recapitalisation programme

- Primarily driven by safety considerations. Programme does not address profitability issue

- No direction on operational reform. Capital-intensive project without the effective regulatory coordination can be disastrous
Further research

- Formalisation of the capital structure of the industry
- Suitability of alternative modal technologies to South African urban form
- Effective application of subsidy allocation in public transport
- Measures to affect modal shift to public transport
Conclusion

- Very positive and exciting framework
- Prospect of genuinely safe, secure and reliable public transport system

“the significant problems we have cannot be solved at the same level of thinking with which we created them.”

Albert Einstein