Should South African minibus taxis be scrapped?
Formalizing informal urban transport in a developing country.

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RESUME :
En Afrique du Sud comme dans nombre de pays en développement, les transports informels assurent l’essentiel des déplacements en transports publics. Les taxis collectifs sud-africains sont réputés pour leurs affrontements armés récurrents, les « guerres de taxis », qui semblent les caractériser. Depuis plus de dix ans, le renouvellement intégral du parc de taxis collectifs, un programme appelé « recapitalisation » est au cœur de la stratégie officielle de formalisation des transports informels, de rétablissement de l’ordre public et de rationalisation des transports publics en général grâce à leur intégration opérationnelle. Cette stratégie de réforme a toutefois largement échoué, non pas parce que les taxis collectifs sont par nature impropres à leur formalisation mais parce que celle-ci, faute de repose avant tout sur leur intégration opérationnelle, comme elle l’aurait dû, a été paralysée au lieu d’être portée par le programme de recapitalisation.

ABSTRACT :
In South Africa as in other developing countries, informal public transport cater to most public transport commuters’ and other users’ mobility needs. South African informal transport, dubbed as the “minibus taxi industry”, is notorious for its recurring bursts of deadly confrontation, commonly known as “taxi wars” or “taxi violence” which tend to be construed as its most distinctive feature. For more than the past ten years, scrapping the whole minibus taxi fleet to replace it thoroughly by brand new vehicles – a programme officially branded as “recapitalization” and dubbed “recap” - has been at the core of the South African government’s attempt to formalize informal transport, restore public order, enforce law and rationalize public transport as a whole through intermodal integration. But this reform strategy has failed on most accounts, not because the South African minibus taxi industry is in its essence unfit to its attempted formalization but because the formalization process has been hindered by the recap programme and should have rather rested on operational integration of informal transport, as argued in this paper.
The South African informal public transport is notorious for its deadly violence, be it confrontation between competing taxi operators and drivers (which may also deliberately or accidentally target passengers or other road users) or against the police and other public transport operators (such as franchised bus operators). Such violence has recurrently erupted for the past twenty years and is usually dubbed as “taxi wars”. It is so distinctive that it tends to characterize the whole industry as thoroughly criminalized and unruly in essence: “In sharp contrast to other forms of political violence, taxi violence has continued and, in fact, escalated in the post-1994 period [that is after the demise of the Apartheid regime]. In fact, if one form of violence has characterised the post-apartheid period it has been the taxi wars.” (Dugard, 2001) Indeed, although “taxi wars” have probably climaxed in 1998 (when they killed 350 people) and receded since then to sporadic though recurring surges of violence, it has recently been denounced as part of the “anti democratic plague” by President Tabo Mbeki.

But sporadic if spectacular “taxi violence” in South Africa should not obfuscate the fact that, as in other developing countries, it daily caters (inconspicuously and peacefully in most cases) to most public transport commuters (i.e. nearly two thirds of them in metropolitan areas) and other travelers, i.e. to nearly 10 millions people, or one fourth of the country’s population, at least once a week: minibus taxis are the preferred mode of motorized transport to commute, at all income level except in the highest quintile, and are the main mode of public transport at all income levels for all other travel purposes (such as education, shopping, recreation - including longhaul holiday trips) (DOT, 2004).

Indeed, passengers and public authorities are particularly vocal about their operational shortcomings: users resent their lack of safety and comfort, their unpredictability and unreliability and fear for their safety ; public authorities also denounce their lack of safety and stigmatize their negative externalities (such as “unhealthy” competition with formal mode of public transport, “destructive competition” among themselves, erratic driving and public disorder). But such characterization does not fairly reflect the minibus taxi industry operational performances which undoubtedly deserve a more balanced assessment and consequently warrant a more positive expectation of its potential role within a rationalized and integrated public transport system as well as a revision of the rationale of the “recap programme”, i.e. the scrapping of the present fleet of minibus taxis and its replacement by less numerous new vehicles.

**I. Reviewing the operational performances of minibus taxis.**

Minibus taxis developed in the late seventies when the first minibuses where allowed to be used as public transport vehicles. As of today, their number is only roughly estimated between 50 000 and 100 000, quite a significant share of them operate illegally, i.e. up to 80% in Johannesburg and more than half of them in Cape Town according to local authorities (COI, 2004). They are assumed to run between 100 000 and 150 000 vehicles, which is remarkably few considering that hardly more than a fourth of the 12,5 millions South African households possess or have use of a private car.
“Taxi wars” as state and market failures.

“Taxi wars” reflects unquestionably the criminalization of part of the minibus taxi industry, as it is pretty well documented. But it is arguable that they are fueled as well by market and state failures and that they should not disqualify informal transport as unruly in essence. Paradoxically, it highlights on the contrary the remarkable degree of peaceful collective organization – although it is also symptomatic of the limitations of its self-regulation – and should not obfuscate its undeniable comparative advantages with regard to transport service quality. But the characterization of “taxi wars” as the single form of violence that epitomizes the post-apartheid era needs at least to be qualified. “Taxi wars” have to be considered in the broader context of a very high level of social violence (32 000 homicides – i.e. twice as much as in the USA -, and 30 000 murder attempts were reported to the police in 2003-2004), that distinguishes South Africa from most developing countries including those plagued by a comparable level of social inequities (in that respect, South Africa ranks among the poorest African and Latin American countries). Even at their climax, “taxi wars” originated only a small part of violent deaths.

The criminalization of the minibus taxi industry that fuels “taxi wars” is now well documented: (Dugart, 2001 ; Committee of Inquiry, 2005) But “taxi wars” are also stirred by damaging inconsistencies in transport planning, such as a lack of law enforcement against those who infringe on already overtraded routes, be they “pirates”, i.e. minibus taxis operators running without any required permit to operate as a public transport operator, or be they serving a particular route without having been awarded the operating license necessary to do so. The lack of law enforcement (which indeed results also from the fierce resistance opposed by taxi operators to police control) is by far not the only flaw in the urban transport policy that fuels violence in the minibus taxi industry: fateful inadequacies in the award of operating licenses without regard to the demand for public transport have also been incriminated for the deadly confrontation between competing taxi operators (Committee of Inquiry, 2005). So that state failure also accounts for “taxi wars” which in effect come down to “turf wars” between warring factions protecting their market (i.e. the routes they ply) against the infringement of competitors. They can indeed be construed as a symptom of the limitations of self-regulation by informal transport providers that makes up for the lack of a coherent and effective regulation by public authorities.

But “taxi wars” are obviously not the main form of self-regulation of the minibus taxi industry and, although looming constantly on passengers and other road transport users in certain areas, they overshadow that other forms of self-regulation, more quiet and discreet, are constantly at work between violent strikes, that is most of the time. In effect, “taxi wars” are as much a form of self-regulation as a symptom of its failure. Informal trade stands out by its remarkable level of collective organization (de Soto, 1989 ; Cervero, 2000) and, despite “taxi wars”, the South African minibus taxi industry is no exception to the rule. Most minibus taxi operators (either operating legally or illegally) are members of associations whose main role is to organize the trade of their members and protect it from competitors on a particular route or within a particular area (short-haul and long-haul operations are organized within separate associations). They are narrowly based : 154 associations were registered in the Western Cape province in 2005, 100 in Johannesburg.
These taxi associations play an effective if discreet and inconspicuous role in organizing service provision and adjusting it to the demand. They divide an oversupplied market among their members in quite a refined manner, as acknowledged by local authorities: “Vehicle utilization is quite sophisticated among taxi operators in that profitable and less or non-profitable routes are rotated among operators. Hence a license or permit [i.e. regulation by public authorities] will need to take account of these operational practicalities.” (COJ, 2004) Some consider that taxi associations mostly play a defensive role (Browning, 2006) in protecting their turf from infringing competitors, but one could argue that first, such a role requires constant negotiations with competing operators, second, that they also have to constantly adapt their trade to an unstable market (i.e. one which shifts swiftly with the sudden surge of new settlements, shopping centers or job places which has characterized the South African urban landscape since the demise of the apartheid regime) and, last, that in order to protect their turf they also have to deal with illegal operators plying their trade without any operating license for lack of law enforcement. Their ability to deal with this very sensitive issue by peaceful means most of the time might is in itself remarkable.

Although to a limited extend, taxi associations also provide their members with services that also reveals a rather high degree of collective organization: they negotiate with regulatory authorities (licensing boards) the award to their members of operating licenses, they may run gas or service stations for their members, provide them with the guarantees or the down payments necessary to purchase a vehicle, make sure that they refund the bank loan they obtained for that purpose; and sometimes confiscate the vehicles of a defaulting debtor to give them to a creditworthy one (so that bad debts are very rare in this trade, according to bankers actively involved on this market), negotiate rebates on behalf of their members with car manufacturers, insurance and oil companies, sometimes incorporate companies or cooperative to invest into purchasing and running vehicles on behalf of their members and explore opportunities of diversification of their trade (although with very limited success up to now).

**Overstating minibus taxis’ operational flaws.**

South African public authorities castigate the minibus taxi industry not only for being unruly for also for being particularly hazardous for the safety of its passengers as well as of other road users, for being disruptive of road traffic in general and for its “unhealthy competition” with formal modes of public transport (franchised bus service and commuter rail). But it is arguable on the contrary that the quality of service provided by the minibus taxi industry compares quite favorably with that of its formal competitors and that its operational flaws and negative externalities are blatantly overstated.

Do minibus taxi rate as low in terms of security and safety both for their passengers and for other road users as officially assumed? According to the National Household Travel Survey of 2003, “the level of dissatisfaction with minibus-taxi services [is] higher among all settlement types and the [country] as a whole, than for either train or bus services” (DOT, 2004). The survey shows indeed a particularly high level of concern of their users for their safety and security as nearly 80% of them resent “poor minibus-taxi driver behavior and lack of safety from accident”, two thirds are uneasy about roadworthiness of minibus taxis and more than half are scared by crime on board. Accordingly, the South African government puts a particular
emphasis on users safety as the first priority of its formalization policy of the minibus taxi industry and as the main purpose of its « recap »: for the minister of Transport, J. Radebe, «The most critical and immediate challenge facing the taxi industry is safety.» (18 August 2005). Informal transport are often accused of disrupting road traffic and erratic driving by minibus taxis is often pointed out in South Africa as a significant hazard and negative externality. But considering that informal transport come down to no more than 150 000 minibus taxis, according to official (though rough and uncertain) data, on a total number of 8 million vehicles, they would indeed have to be very unruly indeed to represent a statistically significant nuisance for car traffic.

But are minibus taxis particularly hazardous for their passengers as well as for other road users? According to available statistics they are indeed involved in a higher rate of traffic fatalities and car crashes than their share of the total number of vehicles: in Cape Town, they were held responsible for 6.5% of fatal car crashed in 2003 whereas they only amounted to 3.2% of registered vehicles (City of Cape Town, 2004). But not only minibus taxis travel on average much more than most any other vehicle, but they run on roads also used by pedestrians, if only at and around taxi ranks whereas very few pedestrians walk along the roads in wealthy areas or on highways where private cars are mostly driven. So that they are consequently more likely to hurt pedestrians who are the main victims of traffic accidents, all the more so for lack of sidewalks along most roads. If deflated by traveled distances as well as by the higher risk incurred by the particular urban environment (be it informal settlements or townships) in which they operate, these statistics would probably do justice to the minibus taxi industry.

As for crime and passengers security, the minibus taxi industry does not appear to rate worse than the formal modes of public transport: according to the National Household Travel Survey (DOT, 2004), passengers are significantly less scared by crime once on board minibus taxis than on commuter trains and are not more scared on their way to or from or waiting at taxi ranks than they are to, from or when at bus or train stations (if only because they walk and wait much less on average as taxi stations are usually closer to their home and final destination).

Quality of service is usually measured by a whole range of criteria, but in the particular context of developing countries it is arguable that access and affordability for the poor rank above a whole set of criteria more valued in developed countries by users less captive and more demanding in terms of comfort, speed, information, etc. (TRB, 2001 ; Gomide, Leite et Rebelo, 2005). In fact, when it comes to the quality of service, the National Household Travel Survey reveals “disturbing levels of dissatisfaction with all forms of public transport.”(Business Day, 11 December, 2005) and stresses that the first and foremost cause of discontent among public transport users is their lack of access or availability, safety being only their second cause of concern. And minibus taxis rate much better than formal modes of transport in terms of availability, accessibility, frequency and promptness (based on overall traveling time and not only on average commercial speed). Considering that «trip length for commuters dependent on public transport modes are much longer in South Africa than in other parts of the world” (Behrens and Wilkinson, 2003), commuting time are exceptionally long and minibus taxis have in this regard a decisive advantage on their competitors, as 80% of their passengers do not transfer on their commuting trips (DOT, 2004).
As for affordability, although formal modes of transport (both franchised bus service and commuter rail) are heavily subsidized (to an amount of more than half of operating costs for commuter rail), minibus taxis still fare comparatively well: in Johannesburg, they are the cheapest mode of public transport for all trips under 30 kilometers (COJ, 2004) ; in eThekwini (formerly Durban), minibus taxi fares are lower than bus fares (either sold as single tickets or as monthly or weekly pass) for all trips on all distances (Mtwa, 2005). But in absolute terms, minibus taxis are still unaffordable for quite a significant part of the population for whom they would be the sole mode of motorized transport available (i.e. for non working poor people traveling off peak hours): more than a fourth of South Africans commuting by minibus-taxi spend more than 20% of their trips, compared to 30% of those commuting by bus and 18% of those commuting by train (DOT, 2004).

Although they are granted with the comparative advantage of flexibility and reactivity to market demand, minibus taxis are also perceived as unpredictable and unreliable, and drivers and owners are being blamed for trying to grab the most immediate and lucrative opportunity even if they have to change their initial route to the detriment of their passengers. And the minibus taxi industry is not always as flexible nor as reactive to market demand when it comes to protect its turf: Johannesburg is a case study of the fierce resistance waged by taxi associations servicing the routes connecting the old city center to the northern suburbs, where many industries have moved in the past twenty years, to competing associations servicing direct routes from the township of Soweto to these jobs places, so that “the majority of the bus and minibus-taxi routes focus on the Johannesburg CBD (…) even though only 26% of commuter trips have the broad CBD as their destination.” (COJ, 2004). But the licensing board is reluctant to award the operating licenses that would allow minibus taxi operators to do so for fear of provoking a violent opposition from those who would be deprived of their trade by such rerouting of the commuters who are still forced to transfer in the city center (at their expense for lack of integrated user fare) in the absence of a direct route.

Public authorities have drawn the following conclusion from the National Travel Survey: « the non-availability of another mode has made many customers captive to the minibus-taxi against their better judgment.” (DOT, 2004) But minibus taxis cannot not reasonably be characterized as the mode of public transport of last resort as they are obviously granted comparative advantages by their users (such as travel time, accessibility and frequency). And although they compete with formal modes of public transport, one should also argue that they are a necessary complement to them.

**Minibus taxis as a complement more than as a competitor to formal modes of public transport.**

In developing countries, competition from the informal sector is generally assumed to be detrimental to formal modes of transport and to the overall quality of urban transport, so that the World Bank advises to prevent “on street competition” between public transport operators for the sake of their passengers as well as of other road users (Gwilliam, 2002). But informal operators are also granted with operational capabilities that make up for the shortcomings of formal operators. In South Africa, competition of formal modes of public transport (mostly franchised bus services) by minibus taxis is considered by public authorities as “unhealthy” as
it has supposedly drawn many customers away from franchised modes of transport and made them all the more costlier for public finances as they are highly subsidized (until recently mostly based on passenger/trips). And in fact, informal transport cater to more than one third of motorized commuter trips (as compared to 45% for private cars) which have increasingly become a niche market of franchised bus and commuter rail (although they altogether only cater to less than one fifth of commuters).

Under Apartheid two different types of public transport were franchised or operated by public authorities: one designed to bring black workers to work from the remote townships or homelands where they were (and still are) relegated, another one designed to cater to all-purpose trips of white people living in the city centers or white living areas. Such a dual network has survived in Johannesburg and Tshwane (formerly Pretoria), for example, where a municipal bus companies (such as Metrorand in Johannesburg) still distribute the central areas and where franchised private bus companies (such as PUTCO both in Johannesburg and Tshwane) still cater to black commuters separately and do not coordinate their operations. Both systems have shrunk extensively and only cater to a narrow range of mobility needs, i.e. essentially those of commuters, as they do not run any more after hours and hardly on weekends.

Paradoxically, as they nearly exclusively cater to commuters, formal modes of public transport do not address most of the mobility needs of the poor as they commute in significantly lesser proportion than wealthier people for they are more often unemployed. In proportion of South African inhabitants, the working population is comparatively scarce (it only amounts to 11 million people employed amongst around 45 million inhabitants) and the rate of employment of black people is only half that of whites. Formal commuters transport services are also increasingly inadequate as they have not been rerouted to adjust to a shifting travel demand towards new job places. This is particularly obvious in Johannesburg and Tshwane where the thriving industrial area located between the two municipalities along the highway which draws an increasing number of commuters is hardly catered to by franchised bus nor by commuter train services, although manufacturing employment doubled in the nineties along this corridor since half factories of the Johannesburg CBD closed and relocated there (Beall and alii., 2002).

In Tshwane, the increasing flow of workers commuting to the new industrial areas located south of the city center on the way to Johannesburg is mostly catered to by minibus taxis running on highways. So that the demand for formal bus services run by franchised private operators (for commuters service) or municipal companies (for the distribution in CBDs), fell by half in the nineties.

Such operational flaws (service quasi-inexistent off-peak hours, lack of intramodal integration, no rerouting to adapt to an evolving demand) are as much accounting for the decreasing market share of formal modes of public transport than the supposedly “unhealthy competition” of minibus taxis. As for the commuter rail, the decrease of its market share results even more unmistakably from its decay: “rail transport infrastructure and services have deteriorated to levels that threaten [its] future existence (…) It has become a residual transport medium for the poor with its main function being to carry large volumes of disadvantaged people to their workplace during the morning peak and back home during the afternoon peak”. To the exception of Cape Town where it caters to 60% of all public transport trips, its market share
has fallen to 12.6% in the other metropolitan areas and 84% of its passengers are « working age black people”. As “existing levels of expenditure on rail are insufficient to maintain current level of service” and demand has shrunk by 30% in the past 20 years, the government, which funds up to 60% of its operation costs and all its capital costs, does not plan a “full recovery strategy” but only some improvements on existing “priority rail corridors”. (DOT, 2005a)

In South Africa, informal transport do not only compete on price and formal operators cannot reasonably be considered to compete on quality. As for competition between formal and informal modes of public transport, it appears that franchised bus companies are also prone to compete in an “unhealthy” way with minibus taxis when, for example, they aim at increasing their catchment areas by making their bus routes meandering excessively at their point of origin or destination to prevent minibus taxis from feeding or distributing them for fear that once on board their users would be reluctant to transfer. By doing so, they unduly prolong their customers’ traveling time and in fact add up to bus service comparative disadvantage (as minibus taxis do not need a broad catchment area to fill up before racing to their destination).

Although it is questionable that in all circumstances minibus taxis are the least economically efficient mode of transport on trunk routes and that they should be prevented to compete at all with franchised operators on such routes, it is indisputable that in most cases they are a necessary complement to the formal modes of transport either because they make up for their operational shortcomings or as the only efficient and rational mode of public transport in a very scattered urban environment. South African metropolitan areas’ average density is very low (ranging from 500 to less than 2000 inhabitants per square km), there are essentially conurbations made of several city centers separated by large wastelands (formerly meant to isolate the townships from the city centers and white living areas) so that public transport is more often interurban rather than urban stricto sensu. The townships themselves are scattered settlements spread on extensive areas with only few densely populated areas served by formal modes of transport. So that minibus taxis are indispensable to provide their inhabitants with motorized mobility if only within these remote and scattered settlements. Urban sprawl is indeed compounded by the constant surge or of new informal settlements on the fringes of the metropolitan areas. Informal operators are generally more agile that franchised bus operators to adjust their trade to such market shifts: “If the first ten shacks in an unauthorized informal settlement are built today, it is very likely that two taxis will be offering transport services tomorrow.” (Muofhe, 2005) In the comparatively very low density of South African metropolitan areas, trunk routes operations are not even always even fit to cater to commuters. The commuting demand of nearly one million officially registered domestic workers (i.e. nearly one tenth of the working population) is particularly telling about the inadequacy of formal modes of public transport to the mobility needs of a significant part of the working population: those domestic workers usually live in the remote and scattered dormitory areas of the townships and work in the even more dispersed wealthy “white suburbs” including on week-ends (Benit & Morange, 2004). As the “white suburbs” are hardly served by formal modes of public transport, domestic workers must in most cases rely on minibus taxis to commute to and back from work.

Negative externalities and operational shortcomings of the minibus taxi industry are blatantly overstated by the authorities and the formalization policy should rest on a more balanced
appreciation of the quality of service they provide to their customers. Whatever the progress achieved in the planned rehabilitation and rationalization of the formal modes of public transport, it is arguable that the formalization policy should aim as much at building on the operational capacities of the minibus taxi industry (in terms of availability and access) than at remediying their operational flaws (regarding safety and “on-the-road competition”). The incumbent minister of Transport, J. Radebe, has reportedly claimed that “In view of the regulatory steps to be undertaken, it is now clear that the days of the taxi industry regulating itself will soon become a thing of the past,” (Business Day, 11 August 2007). But state regulation and self-regulation are not mutually exclusive and although the formalization policy promotes the minibus taxi operators’ associations as agents of self-regulation it also seeks to retake from the minibus taxi industry the control and “ownership” of routes as well as of transport facilities (such as taxi ranks). Such inconsistency might very well be condemn it to remain tentative.

II. Rethinking a formalization process plagued by the “recap programme”.

For more than ten years, the South African government’s strategy in public transport has been aiming at the implementation of the White paper on National transport policy of 1996 which intends to organize public transport based on the principle of “regulated competition” that allows for the provision of non-subsidized chartered service (granted by a “permission” defined as “the authority to operate a route or network with no subsidy”) but only on routes or networks not catered to by subsidized transport service, on which “competition will take the form of tendered contract” (DOT, 1996) so that on-the-road competition by non contracted operators will be prevented (although some local authorities have realistically understood that objective as precluding competition between subsidized modes of public transport (COJ, 2004). Since its inception, the public transport strategy has aimed at limiting the scope and scale of minibus taxis operations in order to restore the financial sustainability of formal modes of public transport by precluding informal ones from infringing on their trade.(Such a policy has subsequently been enacted: the National Land Transport Transitional Act (NLTTR) allows for the use of midibus (defined as carrying 19 to 35 seated passengers) “for the operation of an unscheduled service only where (a) there are no existing scheduled services on the same route or on another route on the same corridor; and (b) relevant transport plans allow for their use”. In that regard, the purpose of the attempted regulation of on-the-road competition complies with World Bank’s recommendation that in public transport public authorities should rather promote competition for the market that competition in the market (Gwilliam, 2002).

Paradoxically, the Apartheid regime had resisted demands from contracted bus operators and their advocates that the government crack down on the thriving minibus taxi industry in the early eighties of the past century and de facto deregulated market entry for minibus taxi operators which allowed them to thrive at the expense of contracted bus operators (whose trade then decreased by more than half) but also led to an oversupply of the most profitable routes by informal operators to their own detriment so that their then official representative organization , the Southern Africa Black Taxi Association (SABTA) asked for a “controlled and negotiated deregulation” in order to prevent market saturation (McCaul, 1990).

Public authorities have recently acknowledged the role of the minibus taxi industry in providing mobility as well as business and job opportunities to the poor: according to the
incumbent minister of Transport, «the taxi industry has been able to respond to and meet passenger demand more than any other public transport mode. [It] was able to take advantage of the gaps in the formal public transport system, and positioned itself as the public transport mode of choice. (…) The achievement of the taxi industry in the face of such adversity [under apartheid] highlights [its] operational strengths, its flexibility and ability to adapt. Secondly, it testifies that black people involved in this industry have an eye for business opportunities – they are real entrepreneurs who can compete fairly and openly.» (J. Radebe, 18 August, 2005)

But despite this official recognition, the formalization policy followed since 1996 aim more at remedying the minibus taxis negative externalities (i.e. its “destructive competition” against franchised operators) and operational shortcomings (lack of safety) than at building on their officially acknowledged comparative advantages. That has resulted in the ill-advised prioritization of their “recap” in an otherwise remarkably sophisticated, comprehensive and multifold formalization policy (designed in 1996 following the conclusions of the National Taxi Task Team and enacted into the NLTTA of 2000).

Pursuing “recap” as an outcome of the formalization process rather than as its main input.

The formalization policy rests of an extensive array of legal provisions meant to promote the operational integration of minibus taxis, but which have been overshadowed by the least operationally conceived one, that is the “recap programme”, although prioritized on all the other and more apt ones.

The formalization policy first intends to legalize the trade of minibus taxi operators, by requiring that they incorporate and register as a company and be subsequently taxable as such, which should affect their profitability and competitiveness against formal modes of public transport (as their tariffs are closely aligned on those of contracted bus companies). In 1996, the transport strategy stated that “financial and technical assistance will be offered to minibus-taxis to enable them to obtain permissions and/or contracts and to improve their economic viability.” But since then only two main forms of financial assistance are contemplated: a scrapping allowance for minibus taxi operators who consent to surrender their vehicles to the authorities (a capital subsidy) ; and an operational subsidy for contracted operators servicing the planned “Integrated Mass Rapid Public Transport Networks”(DOT, 2007a). Some training and technical assistance (in management and customer service) is also provided (under the provision of the Skills Development Act of 1998) but to a very small extent. Minibus taxi operators must also register as public transport operators and hold an operating license. Formerly, they were awarded radius-based operating permits, which allowed them to serve a supposedly “vaguely defined” area (they may even only be radius-based) and had no time limit in their validity. They are to be converted into operating licences normally granted for a limited period of time (up to five years depending on relevant transport plans that local authorities are legally required to enact and enforce) and entitling operators to serve a only narrowly defined particular route. Such conversion process has been particularly challenging in many respects and has not been completed yet.

The formalization policy also intends to build on self-regulation of the minibus taxi industry by the operators’ associations, which are not only legally recognized but also legally required to play an active role in the formalization process: they are to be registered, to adopt a “standard
minimum constitution” (that insures democratic internal processes, financial transparency and accountability) compliant with minimum requirements prescribed by public authorities; they have to commit (under the monitoring of the administration) to impose on their members a Code of Conduct consistent with the one prescribed by public authorities and to discipline those of their members who do not comply with their legal and regulatory obligations (a taxi association do not qualify for registration unless all its members holds a mandatory operating license) or violate the Code of Conduct, and inform public authorities of any existing or looming conflict with other associations. An association’s registration may be cancelled when only one of its members does not comply with its legal obligation (e.g. if they operate without a required permission) and when it occurs, all its members lose their rights (i.e. their operating licenses) . In exchange for these legal obligations, only duly registered associations are eligible for public financial assistance or for a commercial or subsidized service contract awarded by public authorities (although individual operators may also benefit such advantages as non members of any association). Simultaneously though, the government attempts to limit minibus taxi associations’ self-regulating powers by reasserting public ownership and control of minibus taxi routes and facilities.

The government has also helped the creation of a single representative organization of the minibus taxi industry, the South African National Taxi Council (SANTACO) and taken care of the expenses of its elected governing body, in order to promote the industry’s capacity to reach common stances on issues of collective interest, to facilitate consultation and to associate the minibus taxi industry to the formalization process by rewarding it with some of its proceeds (as part of a joint venture responsible for the Electronic Management System to be installed in all “recapitalized vehicles”).

The formalization policy also aims at improving labor standards in the minibus taxi industry: since July 1st, 2005, it has to abide by sectoral labor regulation that requires a minimum salary and maximum working hours for minibus taxi drivers and other employees (according to trade unions, the minibus taxi industry employs about 180 000 people). If implemented, such a regulation, promoted by the trade unions, should significantly improved working conditions, given that nine out of ten minibus taxi drivers in urban metropolitan areas work more than twelve hours a day and four out of five work seven days a week, very few being paid for working overtime, but it should also heavily weigh on the financial sustainability of minibus taxi operations.

Intermodal integration is also contemplated as a vector of the formalization of minibus taxi operators who “may apply for (…) contracts either on their own or in partnership with bus operators” (DOT, 1996). Contracted bus services are supposed to be replaced by contracted road-based transport services associating bus and minibus taxi operators (although it has hardly happened yet). But it is not clear yet whether minibus taxis are meant to be included into serving trunk routes or only as providers of feeder and distribution services to bus companies, nor how they are invited to take part to a contract (as main contractors or as sub-contractors of bus operators?): the promotion of small-scaled bus operators is also officially sought after through public procurement (as part of the preferential treatment granted to formerly disadvantaged people) and may impede market entry for minibus taxi operators.
But all these policy provisions have been overshadowed by the “recap programme” which is at the core of the formalization policy since its inception and remains so although substantially revised in 2005 in its modalities: its objective remains to scrap most of the existing minibus taxi fleet and have it replaced by new ones by the end of 2010.

Although officially meant to upgrade an aging fleet for the sake of passengers’ safety, the programme aimed initially (as enacted in the NLTTA) at the mandatory scrapping of the whole fleet which was to be replaced by brand new vehicles yet to be specially developed for that purpose (and equipped with highly sophisticated and costly devices, such as an access ramp for handicapped passengers or an electronic management system) and of a significantly higher capacity (i.e. carrying less than 8, or 18 or 35 seated passengers). As such, the programme had arguably quite a few unavowed objectives: (1) to reduce the number of minibus taxis, (2) to help taxi operators to get out of the business by granting them a scrapping allowance (which does not amount to the downpayment for the purchase a new vehicle but which makes a comfortable retrenchment package), (3) to promote intermodal integration by imposing the use of vehicles supposedly more appropriate to scheduled services (4) and to support the domestic automotive industry by imposing technical specifications necessitating the development of a specially designed new vehicle.

Since 2004, facing the growing opposition from the minibus taxi industry as well internal criticism (notably from the chairman of the parliamentary transport committee, Jeremie Cronin), the government has gradually relented on its initial project: first, it postponed by four years the implementation of the programme until 2010, then, in 2005, revised it by limiting the technical specifications of the “recapitalized vehicles” to passenger safety requirements, and then again by renouncing to prohibit the use of current models of minibus (a list of 15 certified taxi vehicles has been gazetted earlier this year that includes the most commonly used one, Toyota Hi-Ace). In 2007, the “recap programme” objective has been downgraded to the mostly voluntary replacement of only 75% of the existing fleet of minibus taxis by 2010 (DOT, 2007b).

The ambiguities and conflicting purposes of the “recap” have arguably deprived it from the necessary support of the industry, arousing fears and suspicions about the real purpose of the government which some of its representatives, such as the chairman of one of the most powerful mother bodies, Top Six Taxi Management, Sicelo Mabaso, consider the minibus taxi industry as a “shame” and to try to rid of it a modernizing South Africa as Although SANTACO itself had paid lip service to the programme by supporting it “in principle”, it has not endorsed its modalities, has questioned its purposes and requested amendments which have only been eventually granted to some extent: “The policy on public transport is that the smaller vehicles should be confined to routes with few passengers, and to act as feeders to the routes operated by bigger buses. The inescapable conclusion is that fewer small vehicles will be needed. Taxi operators are to be encouraged to buy bigger vehicles and tender for subsidy contracts on the main routes. So it may well be that difficulties being placed in the way of those wishing to buy smaller vehicles are simply part of a hidden strategy to change the shape of the taxi industry – with or without the consent of those involved.” (SANTACO, 2006) In Spring 2008, SANTACO has finally denounced the programme but other stakeholders have also criticized its capacity to rationalize the supply of public transport: according to the
chairman of the parliamentary transport committee, “No thorough research has been done on the dynamic socio-economic features of the industry. We do not know what the [recapitalisation] programme’s impact will be.” (Cronin, 2005). In effect, it will obviously not impact equally survivalist “seat-hawkers” (as dubbed by Browning, 2006) and thriving small entrepreneurs (or absentee investors uninvolved in relatively profitable operations): one should suspect that the former, who most often serve “captive” customers unable to afford a higher fare for motorized transport service, might not be able to recoup the higher capital and operation costs incurred by a “recapitalized vehicle” and consequently withdraw from the market; on the other hand, without any state intervention, the minibus taxi industry is in fact already renewing its fleet at a fast rate independently of the “recap programme” and despite the uncertainty it creates and the looming prospect of the mandatory (according to the legislation) scrapping of newly acquired vehicles by 2010. Local authorities have also voiced their concern and complained that, although responsible for public transport planning (and for their multimodal integration in particular) within the municipal boundaries, they have not being consulted about the “recap programme”, which not only “made it difficult for the City to adopt a solid implementation approach” but might also not foster the targeted rationalization of public transport services as no regulatory provisions prevent operators to take part into the recap programme even though “recapitalized” vehicles are inappropriate, because of its high capacity for example, to the routes they are allowed to serve by the provincial licensing board (COJ, 2004).

Although many factors account for the very limited outcomes of the attempted reform of public transport in South Africa to date (if only for its users), it is arguable that the “recap programme” has been a major one and that it should be thoroughly reconsidered if only for the recap to happen at all (as of July 2008, around 14 000 unroadworthy vehicles had officially been scrapped since its implementation started the previous October).

The ongoing formalization policy should better target market demand and put more emphasis on mobility needs and should to that effect foster “recap” as a process rather than as a programme. Considering the extent of access and affordability issues of transport service for the poor, it is arguable that the formalization policy of the minibus taxi industry should take a closer look at its distributional impact, not only on operators but on users and make sure that it does not deprive the poor of their only accessible and affordable mode of motorized mobility by restricting market entry for minibus taxi operators, but rather builds on their operational comparative advantages to promote access and affordability, as the two most valued performance criteria by public transport users according to the National Travel Survey. In that respect, by legitimately starting with scrapping the oldest and least roadworthy vehicles, the “recap programme” might deprive in effect the poorest from the only available and affordable mode of motorized transport. As for safety requirements, it is arguable that the same standards do not apply to vehicles used for service of proximity (that do not reach out of the limits of living areas for example), short distance (on secondary roads) or long-haul services (using highways). Differentiated standards and safety regulations might be considered in order balance safety risks mitigation with the necessary provision of low-cost motorized mobility to the poorest. Has not such a policy prevailed for public transport in rural areas through the legalization of pick ups or light delivery vehicles (called “bakkies”) to carry passengers (as an amendment to the NTTA)?
The “recap” should be construed as an outcome rather than be used as an input of the formalization process. Not that it needs to be left to the market, although it ought to rest on market forces on a certain extent: as a matter of fact, the minibus taxi industry is renewing its fleet at a remarkable rate (up to 25 000 new vehicles were purchased by minibus taxi operators in 2005 although they do not comply with the technical specifications of “recapitalized” vehicles to become mandatory in 2010) to respond to transport demand, in spite of the uncertainties resulting from the successive postponements and revisions of the “recap programme”. But it should take better account of market constraints as well as opportunities and make sure that by remedying market failures it does not dry up market supply by precluding market entry to its main suppliers.

As for market opportunities, franchised minibus taxi operators servicing the planned integrated and multimodal public transport networks will be provided with a predictable and sufficiently secured flow of revenue that could be leveraged as a collateral for the purchase of new vehicles. As of today, financial institutions willingly lease new buses to contracted bus operators in South Africa, based on the scale and duration of their service franchise and the amount of revenue it is assumed to generate. Within such financial arrangements, capital costs do not incur to bus operators, for the ownership of vehicles rests with the banks which support the bus operators’ management capacity, their operational capacity being secured by maintenance contracts with vehicle manufacturers. Such financial arrangements promote both market entry to small operators, who are deprived of any initial financial assets, and the replacement of the bus fleet (to comply with the new mandatory technical specifications). By extending contracted service to minibus taxi operators, public authorities will provide them with better opportunities to recapitalize on comparable financial terms. Up to now, financial institutions do not lease new vehicles to minibus taxi operators (both for fear that they might not be able to repossess from a defaulter and that the vehicles be poorly maintained and of no residual value) and demand a down-payment amounting to at least 20% of their price value which is difficult to afford for many operators.

If the “recap” should result from enhanced market opportunities, its prospects will also depend from market constraints, given the very high volatility of the demand to affordability. Considering that it should significantly increase user fares charged by minibus taxis operators (if only because of higher maintenance and depreciation costs), the recap calls for a demand side approach: it will not happen if the demand is not stable enough or sufficient to make it financially viable. If the purpose of the “recap programme” is to induce the survivalist “seat-hawkers” to abandon their trade (for the sake of passengers’ safety), how does it intend to replace them and to fill up the gap (in order to prevent the risk that “recapitalized” minibus taxi operators be tempted to operate both ways, i.e. a legal trade (by means of “recapitalized” vehicles) and a clandestine one, which probably already happens as observed elsewhere in the world?

To support the demand for “recapitalized” transport service, users’ subsidization (through conditional cash transfers for example) could be envisaged as fully vindicated by the proper (i.e. socially progressive) targeting of public transport subsidies sought after by the authorities, as many minibus taxis users are on average poorer than users of formal public transport or at
least franchised bus service. Public transport are highly subsidized in South Africa but exclusively through the subsidization of (bus and commuter trains) operators (although car users benefit a travel allowance in the form of an income tax rebate). It is well documented that such subsidization is usually regressive (Serebrisky, 2006) for the poor have only scarce access to such mode of transport. In South Africa, subsidization benefiting mostly to commuters (using weekly or monthly passes) it is also bound to be regressive if only because of the income gap which separates «the black urban working class» - who makes most of formal public transport users - from unemployed, poor and marginalized black people who cannot afford motorized mobility (Seekings et Nattrass, 2005). A travel allowance better targeted to the poor would not only be socially more equitable but could also help promote the “recap” of the minibus taxi industry by granting it with a higher ad more steady source of income.

The minibus taxi operators’ associations being already actively involved into the financial transactions for the purchase of vehicles, as they provide the banks with an informal commercial risk mutualization system, they could be helped to play such a supporting role in the “recap” process by incentivizing them to formalize not only as legal entities (as does the NLTTA) but also as commercial ones, so that they could consolidate the commercial risks pertaining to their members’ operations as well as their assets. Considering that “recap” should significantly increase the value of assets used by minibus taxi operators, asset management will indeed become more challenging and might as well call for public support.

**Promoting “recap” through intermodal integration.**

The operational integration of minibus taxis is explicitly based on the assumption that the “inherent modal economics” of minibus taxi operations suit them better for serving low density corridors and distributing and feeding higher density ones (DOT, 1998). But “recapitalized” minibus taxis (particularly of a higher capacity) are meant to be contracted to serve the new high traffic corridors that are planned to structure a rationalized public transport service in metropolitan areas, according to the Public Transport Strategy for 2007 to 2020, as “commuter bus contracts” are progressively replaced by “contracts in which all road-based public transport vehicles (articulated BRT-type buses, conventional buses and ‘recapitalized’ midi bus feeder services) operate within an integrated metropolitan public transport system.

But an effective rationalization of public transport networks should require more than “priority corridors”. Only minibus taxis can reasonably provide door to door service required in a dispersed and insecure urban environment. Even in Bogota, the Transmilenio, which exemplifies the extend to which trunk bus service can structure urban transport, is still in harsh competition in the market with conventional bus operators – which are sometime also operating within the BRT system (Ardila, 2006). It is doubtful that competition in the market along “priority corridors” can effectively be prohibited, unless intermodal competition is organized prior to their franchising: “To incentivize operators to develop innovative approaches, it is important to allow competition for all routes to be open to buses of the whole range of sizes, using minimum frequency and capacity specifications for the route and adopting fare as the ultimate decision criteria.” (Gwilliam, Meakin and Kumar, 2000) To that effect, intermodal integration should also probably rank high among evaluation criteria in the selection process of competing bidders, be it indirectly by valuing the extent and the density of
coverage of service areas (i.e. access to the service). By encouraging bidders to propose alternative ways to service an integrated “priority corridor” in order to stand out with regard to such performance indicators, the tendering process could induce standard bus and minibus taxis operators to coalesce to serve a particular area efficiently and design the most efficient blend of road-based public transport operations.

The rationalization of transport networks should also streamline standard bus operations to prevent them from inflating their catchment area beyond what would be operationally legitimate (by meandering to the excess at their point of departure and final destination) in order to suppress the need for any feeding and distribution service that would naturally rest with minibus taxi operations. Considering that the “integrated road-based public transport contracts” should remunerate franchised operators based on the gross cost of passenger-kilometer, they should also Integrate user fares would obviously be indispensable to intermodal integration, as the cost of multimodal trips deters passengers from transferring, but this raise the issue of the subsidization of minibus taxi operations (at least franchised ones) – which amount remains to be determined. And as contemplated, the franchising of minibus taxi operations could facilitate their “recap” as public authorities plan to exempt franchisees from commercial risks (as they should be paid based on the gross cost of transport service delivery) which should facilitate their use as collaterals for the purchase of new vehicles.

Their integration into scheduled services will suppose a shift of the minibus taxis’ modus operandi, as acknowledged by an industry representative: «As a commercial entrepreneur, the taxi operator has more in common with the roadside hawker than with [a bus contracted bus company]. […] The owner and driver act very much as free agents. The driver makes decisions on almost a minute-by-minute basis as to how he is going to operate so as to make the most money. If the owner wants to withdraw his vehicle to use it for private purposes, he does so-he does not have to ask permission. […] there is little or no management information for decision-making. Individual ownership is fiercely guarded. Because of this, there is no tendency to move towards larger units of operation..» (Muofhe, 2005) Such a diagnostic calls for remedies in the form of technical assistance and capacity building: it has been suggested that “the taxi industry should be encouraged and helped to cede management of taxi operations to a professional management company” which “would ensure that formal-sector standards of operation are maintained” (Browning, 2006), the same kind of support that is already provided by commercial banks to small bus operators which are jointly been awarded franchised integrated road-based transport services and could also very well benefit minibus taxi operators (via their associations).

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The forthcoming Football World Cup in 2010 has at long last prioritized the reform of public transport on the political agenda: the event is seen “as a catalyst for developing a lasting legacy of quality passenger transport services, and in particular for urban public transport upgrade” (DOT, 2005b), but it will still not suffice to fix public transport in South Africa. It should induce public authorities to focus primarily on transport service delivery rather than on transport infrastructure projects and the main challenge and opportunity that the World Cup represents for South African transport planning authorities might not be so much the scale of operations required for the event but its lasting outcome as a pilote for the formalization of informal public transport operators through its operational integration. It is arguable that the “recap” of minibus taxis should mostly result from such their franchising.
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