

Introduction

Durban Central Region is a sub structure of SANTACO KZN and represents the following associations who operate in Durban Central.

1. Auswent
2. Berea Long Distance
3. Bonela
4. Cato Crest
5. Cato Manor
6. Chesterville
7. Clare Estate
8. Dalton Long Distance
9. Durban & District
10. Durban Liner
11. Durban Long Distance
12. Fynnlands
13. Inner City
14. Musgrave
15. Overport
16. Reservoir Hills
17. Sonke
18. South & North Beach
19. Sydenham
20. Umngeni
21. University Park

This region is led by chairperson, Mr Y Khaliva, his deputy Mr ML Xaba, the secretary Mr F Asmal, his deputy Miss NM Mkhize, treasurer Mr S Singh, PRO Mr LSS Kunene, chaplain Mr SO Sibisi, training officer Mrs JZ Marwanqana, and additional members Mr SD Radebe and Mr BA Mhlongo.

Our member associations service the inner city, the suburbs and townships closest to the city centre as well as most of the long distance routes to and

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from Durban which is the economic powerhouse of Kwazulu-Natal and the 3rd largest metropolitan area in South Africa.

1: Licencing, Route Allocation and Entry Regulations.

A number of our associations routes overlap and there have been instances of conflict in the past but today we facilitate dialogue and negotiations between associations to minimise conflict. We also establish working committees to discuss common issues and where possible we facilitate mergers.

On common routes the PRE does not see to regulating a common fare and there is no enforcement resulting in overtrading, cutting fares and conflict. This is where the working committees come in and the issues are addressed before they escalate.

Where there are new developments a demand for public transport exists but the licencing process is too long and the criteria is cumbersome and difficult to obtain for operators only interesting in providing a service and satisfying public demand. The same applies when a new route is identified. In order to prevent outsiders encroaching it is essential that the resident association provides a service before the application process is finalised.

The NLTA prohibits taxi associations from having multiple starting points in different areas however in reality there are a number of associations that have starting points outside of Durban Central as well as starting points inside Durban Central and are not members of the Durban Central region. This remains an unresolved cause of conflict.

With the moratorium being uplifted for existing operators, applications are pending for over 2 years due to unresolved technical issues and the ETA is not supporting new licences that our associations might require for their operational needs. The industry has grown mostly due to the increasing urban population and new developments but urban planning does not seem to take public transport into account.

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The requirements to become a member of an association vary from association to association but the main criteria include being able to provide a service and being available to perform the duties of a member. Some associations still insist that members must be residents of their area of operation but most have abandoned that requirement due to the decrease in owner-driver operators and the rise of fleet operators looking to expand.

In the Durban Metro it is taking too long to set up a local PRE office resulting in unnecessary travel and increasing cost/km for the operator wishing to sort out his issues.

According to the NLTA indefinite permits should have been converted in 7 year operating licences but now 3 and 5 year operating licences are issued.

When it comes to late renewals there should be a penalty imposed and then renewal as normal instead of the current system where an operator needs to do a totally new application.

The PRE timeframes for dealing with applications can anything from 3 months to 3 years or even longer resulting in unnecessary frustration for the operators.

The attitude of PRE employees towards operators is one of indifference and they seem to have never ever heard on Batho Pele. Waiting times at the PRE office are unreasonably long for no apparent reason and corruption is the norm rather than the exception.

2: Price Setting Mechanisms

Fares in the industry are determined by profitability and the main driver is the price of fuel. While it fluctuates all the time, the trend is that the price of fuel increases over time regardless of the price of oil or the exchange rate.

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The very high pricing of modern vehicles and their increased maintenance costs has also put a strain on profitability resulting in higher fares.

Lack of viable cash control mechanisms results in passengers paying hire fares due to theft of operator income by drivers.

The difference in pricing does have a major impact on competition because too great a price difference results in commuters choosing the cheaper mode so most taxi association merely provide a service rather than engage in a profitable business and this leads to a decline in standards.

Industry wide price setting and regulation does not exist. Different expenses/route implies we can't standardise fares. The industry competes with bus (incl. BRT) and rail that are subsidised while it is not. It is unfair for non-subsidised operators to compete with subsidised operators and it will be difficult to put mechanisms of regulation in place until the playing field is level. In recent years there has been agreement that taxi fares are revised in July.

While formulas for fare setting do exist, they are not widely circulated in the industry and if they were applied then probably fares would have to be higher because they take into account all input costs and estimated passenger numbers in determining a fare.

3: Allocation of Operational Subsidy and its Impact on Competition

The minibus taxi industry moves the bulk of South African commuters on a daily basis while rail moves the least amount of commuters yet rail receives the biggest slice of the subsidy and the minibus taxi industry receives no subsidy at all. This has a negative impact on vehicle renewal and maintenance, driver training and retention, wages, traffic violation, accidents and passenger service levels.

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Operators are unable to maintain their vehicles properly and are unable to renew them. Drivers are inadequately trained and poorly paid resulting in higher accident rates, increased traffic violations and rampant theft of operators income. There are no benefits for employees and the rate at which drivers enter and leave the industry is very high.

The end result is a sub standard image of the industry that keeps the country moving and poor passenger service from the biggest black owned industry in the country.

Operators are largely weak financially, over indebted and unable to fulfil their potential. The industry finds it difficult to take advantage of opportunities or move up to bigger or better modes even if there is scope for improvement.

While a cash subsidy based on km travelled or passenger numbers or both would be welcome, there are other alternatives that can be explored. Licenced and compliant operators could receive a 50% subsidy on the purchase of a new vehicle every 5 years. A fuel subsidy could also be implemented. Exemption from VAT for business expenses can also be considered. Exemption from toll fees would greatly assist long distance operators.

If government wishes to see a reduction in private cars on the road, then improvements need to happen in the passenger transport sector and those improvements need to work for the existing operators and improve their profitability while at the same time benefitting the community. Subsidising the minibus taxi industry would lead to a vast improvement in public transport.

4: Transport Planning

Ethekwini Metro is divided into 5 regions and IRPTN only effects 2 initially and several years later will affect the other 3. Most operators wont be

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affected until it comes to their regions and so feel they are being left out of the benefits while those who will be effected initially don't see the value of negotiating as a unified industry.

Full implementation over a long period of time means that political leadership of the municipality and of the industry will change due to periodic elections and negotiations stall every time the leadership changes.

Development of the infrastructure for IRPTN affects taxi operations through traffic jams and time delays that result in fewer trips and loss of income especially at month-end. There is no compensation for this loss.

Information filtered down to affected operators by transport authorities is insufficient and timeframes are too long with too many delays. Plans are always changing and operators are unable to plan for the future. Lack of information undermines trust in the leadership of the industry.

5: Transformation

In principle transformation exists but the process is taking so long that in reality very little or no transformation has taken place in public transport or across the value chain.

There is no transformation whereby subsidised bus operators include small taxi operators in some of their operations. IRPTN is supposed to be the integration of existing services into a rapid public transport networks.

Prasa does have scope to include taxi operations in cases where trains are not able to run. Rather than do that, they bring in bus operators from other areas to operate while there is a resident taxi association operating in the affected area. They are also unwilling to give any share of their business to industry.

6: Impact of BRT implementation on renewal of operating licences

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BRT contracts will have a 12-year lifespan while minibus taxi operators' licences should have a 7 year lifespan.

Local transport authorities reduce the lifespan of the operators licence to 2 years and cite the implementation of IRPTN as the reason. This will have an impact on the compensation formula or model adopted.

One of the options available to operators is to compete with BRT if the operator chooses not to take compensation however this does not seem like a viable option if the lifespan of your operators licence is curtailed and the transport authority may decide not support your renewal application in the future.

With operators licences having a defined lifespan, no recognition will be given to operators who once had indefinite period public carrier permits and this will not be factored into the compensation models. Compensation models also seem only to focus on 12 years whereas to an operator this is a lifetime business that continues in the family even after the operators demise and the taxi associations have built up many years of goodwill in their communities.

7: Access to Finance

All credit providers abuse minibus taxi operators with interest rates starting at prime +5% and going up to 26% or even 28% overall being charged.

Credit providers classify the whole industry as high risk and don't look at the individuals risk profile when making a decision. It is not the industry that applies for finance but an individual operator. The same individual who is charged an exorbitant rate to finance a taxi may be financed a private vehicle at discounted rates. It does not make sense that a business vehicle can be classified as high risk while a personal vehicle that does not bring any

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income can be classified as low risk. The same business vehicle enables the operator to pay for his private vehicle.

Warranties on the vehicles are overpriced and alternative finance arrangements are not available to the sector. Parts and services are also overpriced. Operators are unable to claim VAT back on their business vehicles.

The insurance industry rips the industry of by charging exorbitant rates and citing high risk as the reason. The minibus taxi sector is unique in that it is the only sector where insurance premiums go up as the value of the asset depreciates.

8. Infrastructure & Terminals

For an industry that moves 65% or more of commuters, infrastructure is severely limited and provision of infrastructure has not kept up with the growth of the industry. Industry does not have more than 20% of ranking facilities. There are insufficient lay byes, stops or facilities (shelters/toilets). The little facilities that are available also have to be shared between all taxis and busses as well.

As some areas decline and other areas develop, once busy ranks and stops die and new ranks and stops are required but these are not provided.

Local authorities continue to harass and fine minibus taxis although they have failed to provide the necessary infrastructure, which leads to a constant exodus of good experienced drivers and a constant feeling among operators that we are being used as a cash cow by the municipality.

9. Contracting relating to Bus Operations

Subsidised bus operators who were subsidised during apartheid era are still enjoying subsidies and upon expiry of their subsidised contracts they

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continue to operate on a month-to-month basis and continue to enjoy the privilege of being subsidised.

Also it is always the same operators who get every available contract and seemingly small operators are shut out of the process.

10. Commuter Experience

Irrespective of the challenges and injustices directed at the minibus taxi industry we offer the most rapid and efficient service available and that is proven by the support of over 65% of commuters and the growth of the industry. While rail is inflexible and busses are restricted to main roads we offer an almost door-to-door service with low turnaround and minimal waiting times. We have sufficient vehicles to cater for unexpected high demand, breakdowns or unforeseen mishaps.

With improved consultation, planning and subsidisation the cost of public transport could be drastically reduced. More public transport lanes are required especially in congested areas to reduce journey times.

11. E-Hailing

While e-hailing is a disruptive technology its application is illegal because public transport is not a free market but a highly regulated industry. E-hailing has bypassed the regulations and opened public transport to unregulated privateers and global corporations which will lead to the death of local industry. The technology should have been offered to existing compliant operators who met the requirements of the technology provider and agreed to their terms and conditions.

According to the NLTA all public transport operators who transport the public for reward need to have an operators licence before commencing operations however this is not required of e-hailing privateers which makes them non-compliant. There are no regulations or restrictions on their routes

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or services while metered taxis and minibus taxis have onerous regulations and restrictions they need to comply with. This has led to overtrading in certain areas and in certain parts of the country there is already a backlash.

Initially e-hailing only accepted electronic payment but now accepts cash, which leads to drivers touting for passengers and competing with minibus taxis. Many e-hailing privateers have moved from sedans to minivans that can accommodate more passengers. While the local operators suffer due to the moratorium on operators licences government seems to be bending over backwards to accommodate e-hailing companies whose motives are only profit at any cost.

Closing

The taxi industry (including metered taxis and minibus taxis) is under threat. What was once a profitable industry has been reduced to something barely profitable with most operators unable to maintain or replace their vehicles and surviving only to service their debts and pay never ending fines. This is the result of well intentioned but misguided policies that have replaced an industry that had largely freehold and easy to maintain vehicles with one that is heavily indebted. The only beneficiaries to this are the financial institutions who finance the vehicles, repossess them and continually refinance and repossess them in a vicious profit driven cycle.

Small operators are a dying breed and are being replaced by fleet operators who have the financial muscle to take the risk or negotiate better deals

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