

76% vote taxi! (Part 2 - next issue)

Huge achievements, huge problems, how to solve?

76% of black commuters take the combi-taxi. Buses only 17%. So taxis are vital to keep South Africa working. And it's the runaway success story of black entrepreneurship. But the violence! The accidents!! Solutions must be found to the problems of this essential industry.

Naamsa estimates the number of taxis on the road at approximately 120 000.

They transfer 14 million different people monthly - 60% of the total commuter base. The taxi industry employs more people than gold mining. Taxis have cut workers' average commuting time from three hours down to two.

Phenomenal growth

The industry really started growing in the 60s. The taxi has flourished because it is flexible and in tune with commuters' requirements.

In the 1980s Sabta, the South African Black Taxi Association, set up and lobbied the government for the first time. In 1986 the government's allowance of the 16-seater taxi was seen as tacit acceptance of the industry but municipalities still ignored them - drivers were still harassed, there were no slipways, ranks or toilet facilities. Despite these and other obstacles, between 1986 and 1988, taxis started to transport more people than trains and buses combined.

The taxi industry transports 76% of black commuters, buses carry 17% and trains 6%. Trains and buses receive R2,4 billion in subsidies - taxis nothing.

Ken Varejes, Marketing Director of Taxinet is sympathetic to the industry's problems. 'Cities and the business community should ask what they can do to assist,' says Varejes. 'More ranks need to be built with proper toilet facilities. Look on it as helping your staff - after all, they are the ones who use these facilities.'

'Taxi owners are not asking for spe-

cial privileges - but if trains and buses receive subsidies, so should taxis, given that they transport most of the commuters.' Varejes suggests that spare parts and tyres should be subsidised as the administration would be easier and the vehicles would become safer. Petrol subsidies or the linking of subsidies to taxi licensing is another possibility.

'The business of financing taxis is declining,' says Future Bank MD Neville Watchurst, 'partly because of the decrease in taxi purchases, but also because of the problems in the industry. Deposits required depend on the owner's track record.'

Watchurst agrees that the annual insurance premiums are impossible - often between 22% and 23% of the value of the vehicle. This and the heavy cost of the vehicle itself means that banks have to look carefully at the earning potential before financing the purchase. Watchurst believes the industry must thin itself out which will happen through natural attrition.

Solving problems

Varejes blames the media for hyping up the taxi wars. 'The problems are financial,' he says 'and boil down to arguments over routes.' When a new taxi owner tries to muscle in on someone else's territory, he is taking money out of his pocket and there is no formal recourse for the injured party. 'Ed. Should there be? Should Levers be able to sue P&G for entering the market? AK47s in the detergent aisle? The rights to certain routes can cost up to R20 000, so no wonder they are protected. To the death? Dan Khoza of Sasol Fuels Marketing Department says that association membership contributes to the violence problem. 'It's become a territorial thing, way beyond simple membership - more like being part of a gang.'

Supplier support

Sasol has a two pronged approach to taxis. There is the community upliftment



Zama zama's got wheels

and support of the RDP approach as well as a marketing approach. The taxi industry, points out Khosa, has no fixed loyalty. As a supplier you must be consistent which is why Sasol has long term projects like erecting ranks and generally building relationships.

Khosa supports the idea of subsidies, but says the industry must get its house in order. 'There are too many organisations. There are two options: you can subsidise the industry itself or the passenger. Subsidies, if they are given have to be fairly applied and controls have to be implemented.'

Seshi Chonco, Director Corporate Affairs and Organisation Dynamics at Caltex says Caltex is sensitive to the problems of the taxi organisations and has maintained open rather than organisational affiliations. 'The taxi industry is necessitated by political and economic imperatives. As long as government fails to address the long distance commuter transport problem, taxis will continue to exist. It is in the interest of the industry and the commuters to regulate themselves.'

The National Taxi Task Team

Dipak Patel heads the National Taxi Task Team (NTTT), a ministerial committee empowered to make recommendations directly to the Minister. Currently the NTTT is in the middle of public hearings.

Taxi violence says Patel, requires both a short term solution (conflict resolution) and a long solution eg regulation.

It is essential to have the buy-in of everyone who has a vested business interest.

Subsidies

'The current government,' says Patel, 'has inherited transport subsidies for which there is no logical or scientific justification. They would love to do away

with them but this would hit the commuter hard.'

Subsidising it would cost in the region of R1,6 billion each year, on an ongoing basis which is unacceptable. Also, the government is committed to systematically undoing subsidies for transport.

Assistance packages must go hand in hand with a willingness to normalise and formalise the industry. Hand outs would only exacerbate the situation. Barriers to entry would be reduced which would result in more and more operators on the market.'

Patel says Minister Maharaj has given the go ahead on a comprehensive training programme covering administrative skills, business skills for operators and drivers' skills and safety training and customer orientation.

A complete re-audit of national routes is necessary but such rationalisation must be beneficial to current operators.

Patel's message to supplier industries: 'Look at your relationship with the taxi industry as a strategic one rather than adopting the current marketing approach. Take on board industry development as a strategic issue which will result in a much more structured, healthier and more profitable relationship.'

The Organised Taxi Industry (OTTI)

Boetie Letsoela, convenor of the Organised Taxi Industry (OTTI), states that if the taxi industry does not become profitable it will sink, with potentially disastrous consequences for the country.

He says the taxi industry has behaved responsibly. 'We have never called a national strike - we believe there are other ways to deal with the problem. A major taxi strike would be a serious blow for the economy and violence would rise to an unprecedented level. The taxi industry has supported the black community in many ways in the past and is subsidising passengers at the moment.'

Letsoela confirms that the industry is not interested in hand outs, but wants equal treatment. The moratorium on petrol consumer installations should be lifted and the industry must be regulated. It is not ready for route tendering yet. There is a desperate need for business skills and other training. He warns that the industry must start to see some action taken soon as time is running out.

Ed: This vibrant industry raises some of South Africa's fundamental tensions: 1st - freedom vs regulation: who 'owns' the routes, the roads, the ranks, the hawker's pavement? The taxpayer? The municipality? The province/state? The taxi?

2nd - competition vs co-operation: in the free market, you "go for the jugular" of the competitor. But - does that include a knife, an AK47? And - if an industry gets overcrowded - do you subsidise it or let market forces roll?

3rd - role models: are we seeing the emergence of a 'mafia' society? The taxi hit-man? The car hijacker? All for R500? Next month in PMR the solutions. The action.

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