

The minibus taxi industry in South Africa: A servant for the urban poor?

Written by Siyabulela Fobosi¹ Thursday, 02 May 2013

Today, the South African minibus taxi industry remains the critical pillar of the country's public transport sector. Not only is it the most available mode of transport, it is also the most affordable to the public. It is thus considered the servant for the majority of urban poor. However, the greatest contestation revolves around the formalisation of the industry – particularly the Taxi Recapitalisation Programme (TRP). The implementation of the TRP has been hugely problematic with serious disagreement existing even between taxi owners as to the nature that recapitalisation should take.

Against this background, this CAI paper critically engages the role that the minibus taxi industry plays in the South African economy. In so doing, it also considers a critical rethinking of the formalisation process – a process that has, to a large extent, been seen as a top-down process, not considering the industry in its totality.

Contextualising the minibus taxi industry in South Africa

The kombi/minibus taxi industry started in the late 1970s to meet the demands of a growing urban African workforce.² At the outset, the taxi industry proved to be a relatively easy and inexpensive way to start a business, and the competition was stiff.³ The industry was also relatively unregulated.⁴ The minibus taxi industry played, and continues to play, a critical role in the public transport arena in South Africa.⁵ The industry is, to a large extent, black-owned, and structurally situated within the informal sector. In a structural sense, this industry is located in the informal economy, but it is currently subjected to contradictory processes of formalisation and informalisation.⁶ Broadly speaking, formalisation involves post-Apartheid state regulation of the industry, while informalisation seeks to minimise and undercut state regulation.⁷ The minibus taxi industry is hailed for supporting black South African communities by providing a decentralised and inexpensive alternative to formalised public transportation.⁸

The minibus taxi industry in South Africa has been marked historically by exploitative labour relations between owners and drivers, which seemingly maximise profit at all costs.⁹ One of the key contributing factors has been the absence of formalised employment contracts.¹⁰ The informal way of doing business has been sustained by the minimisation of labour costs and general disregard of safety standards and taxes.¹¹ In Apartheid South Africa, it was initially near impossible for an African black person to obtain a permit to operate a taxi. To a large extent, “public transport was dominated by government-owned trains and by bus companies that received subsidies from government.”¹² From the early 1980s to the mid-1990s, the minibus taxi industry grew at an extraordinary rate, as a seemingly “community-based industry ... without any form of subsidies.”¹³ To this day, the Department of Transport is still facing the challenge of subsidising the industry.

Since democracy in 1994, there have been state efforts to formalise or regulate the industry. This is premised on providing safe and affordable transport, well-trained drivers, reasonable (and not extraordinary) profits and acceptable employment relationships.¹⁴ The South Africa Government has introduced labour laws that seek to regulate the industry, such as the ‘Sectoral Determination 11: Taxi Sector.’¹⁵ The Sectoral Determination applies to the employment of all persons working in the taxi sector. As such, for the purposes of this determination, an employee in the taxi sector

includes, but is not limited to, taxi drivers, administrative staff, rank marshals, etc. For instance, drivers are expected to work 48 ordinary hours per week maximum, and are entitled to overtime pay, meal intervals and annual leave.¹⁶ Consequently, this determination brings about regulation of minimum wages, working conditions, hours of work, leave, prohibition of employment of children and child labour, termination of employment, and other general provisions to the taxi industry. Prevailing literature strongly suggests that taxi owners tend to bypass these legislations in an attempt to avoid or reduce labour costs.¹⁷

Critical to an understanding of the minibus taxi industry is the fact that the industry is very dynamic – it is not easy to understand, and is so dangerous.¹⁸ The way in which work is organised in the industry is very complicated. It is the case that taxi drivers do not know their labour rights. The minibus taxis' modus operandi is rather decentralised, with the taxi operator having more in common with the roadside hawker than a formal subsidised bus. In this industry, the owner and driver act very much as free agents.¹⁹ Every taxi driver makes decisions on a daily basis as to how he is going to operate so as to make the most money. The taxi owner expects the driver to make as much money as he can. The work of taxi drivers is considerably less structured or controlled than that of workers within formalised public transport such as trains and buses.

Taxi operators do not abide by labour regulations.²⁰ Given the nature of work in the industry, it is no surprise that these provisions do not apply in the taxi industry. Taxi drivers push themselves to work maximum hours, making it difficult for the Department of Labour to enforce minimum wages (ZAR 2,449, or about US\$ 267, per month for drivers and ZAR 1,969, or about US\$ 215, per month for rank marshals). Taxi drivers are simply paid on commission – a taxi owner/operator would say that he needs a collection of X amount for the day in his pocket, and how the taxi driver makes that amount is his business. As mentioned above, the nature of work in the industry makes it difficult to enforce Sectoral Determination. One taxi operator would say that s/he is not an employer; that s/he is just working with his/her brothers. Taxi operators employ someone today, then someone else tomorrow – this is just how complicated the labour process is in the industry.

Currently, the kombi/taxi industry appears to straddle the formal and informal economies in South Africa. The very distinction between formal and informal economies, whether in South Africa or elsewhere, is open to dispute; and, even if accepted, there are differing conceptualisations of the relationship between the 'two' economies.²¹ Also, the conceptual clarity of the term 'informal economy' has been subject to scrutiny, given the vast range of activities it is said to incorporate. As such, the formalisation process should take this into account.

The Taxi Recapitalisation Programme

The TRP is central to the formalisation of the taxi industry.²² This is a joint intervention by the industry and the government to address various challenges in the taxi industry. At the centre of these was the need to renew the current aged taxi fleet, which was considered unsafe and unreliable; improve the poor road safety record that seems to be associated with the industry; provide capital subsidy to operators in the form of scrapping allowance to purchase new purpose-built taxi vehicles; formalise the taxi industry and bring it into the main stream of public transport; and regulate the taxi industry.²³ The introduction of the TRP was widely discussed and agreed upon by some in the taxi industry through the democratically-elected leadership of the South African National Taxi Council (SANTACO) and the South Africa Government.²⁴ Introduced by the state in 1999, the TRP has, however, been particularly controversial.²⁵ The implementation of the TRP has been hugely problematic with serious disagreement existing even between taxi owners as

to the nature that recapitalisation should take.²⁶ For instance, the SANTACO stated that they have been marginalised from the programme. In this regard, Oosthuizen and Mhlambi argue that “every time the minibus taxi industry has stood on the brink of the final phase of formalisation and of starting to reap the fruits of unity and formal business practices, the process becomes derailed.”²⁷ In light of this, it remains the case that the formalisation process will continue to face challenges as long as it is a top-down process which does not consider the nature of work in the industry.

The idea of the formalisation process is informed by the progression of informal enterprise to become part of the formal or regulated economy.²⁸ However, it needs to be recognised that the so-called informal economy which forms part of the taxi industry is closely linked to the formal economy. Consequently, given the high levels of unemployment and poverty in South Africa, the importance of the informal sector and the taxi industry cannot be underestimated. Many people who become unemployed think of joining the taxi association, perhaps because of the perceived easy way of getting into the industry. The role that the taxi industry plays in the public transport sector should be reason enough for the government to support this industry to improve its performance.

A servant for the urban poor? Employment creation and the taxi industry

The industry has, to a large extent, empowered black South Africans at a time when few opportunities for economic empowerment existed.²⁹ Today, the industry continues to provide a vital service to millions of South Africans, and is thus considered a servant for the urban poor.³⁰ It does not only serve the poor in terms of transporting them, but also creates employment for the majority of the urban poor who remain marginalised from accessing employment opportunities. Those without access to jobs (more especially good jobs) are bearing, and will continue to bear, the brunt of poverty – and so make a living by working within the informal sector or the taxi industry. Seekings and Nattrass term such people the ‘underclass’ because they are not just unemployed, but are excluded from access to opportunities to find jobs.³¹ These people lack human capital (minimum skills demanded by the labour market today), social capital (connections and networks) and financial capital (money).³² Unemployed people are thus disadvantaged relative to employed people. These groups of people are marginalised within the society as they are typically poorer, less educated, and less likely to live in urban areas. The taxi industry thus plays a major role in rescuing these urban marginalised poor from such poverty traps. For example, the industry employs people such as drivers, cooking ladies at the ranks, car washers and mechanics.³³ Taxi ranks and transition points have also created central points for marketplaces of goods and services. Taxi ranks also serve as a profitable location for hawkers, food stands and other small informal retail businesses. In short, taxi owners, drivers, mechanics, hawkers and others depend upon this industry to support themselves and their families.³⁴

The industry also plays a critical role in providing an opportunity for self-employment. As such, given high unemployment rates, self-employment continues to be considered as a key survival strategy. Taxi ownership allows operators/entrepreneurs to work for themselves, accumulate more capital and broaden their business experience.³⁵ The taxi industry also generates wealth in the economy by providing relatively inexpensive transportation that is more efficient than government-run services.

This industry thus plays a huge role as a servant for the urban and rural poor. It has enabled people to expand their abilities to get to much needed jobs.³⁶ It also continues to serve people

through enabling them to get to and keep jobs in parts of cities that were not accessible to them before. Given this, a taxi service thus makes a difference between having a job and being unemployed in contemporary South Africa. The industry has improved the quality of life for urban and rural poor South Africans by lessening the time spent commuting.³⁷

As such, any process of formalisation of the taxi industry needs to take the above issues into account. Most importantly, the formalisation process should consider the labour process within the taxi industry, as well as the linkages between the formal-informal sectors that form part of the broader South African economy.

Rethinking the formalisation process of the taxi industry

Fourie argues that “against the background of the present situation in the taxi industry, it is no doubt in the interest of all parties concerned (government, operators, drivers, commuters and the general public) that the formalisation of the industry be viewed afresh.”³⁸ The taxi industry has demonstrated remarkable progress from a marginalised township activity to the dominant player in the South African public transport sector.³⁹ As such, any process of formalisation should take this into account. Such process of formalisation should not only emphasise technical/mechanical matters – such as scrapping of old taxis – but also the labour issues and subsidising the industry. Central to the labour issues would mainly be the concern with how work is organised within the industry. It would also emphasise how the Department of Labour is prepared to enforce Sectoral Determination in the industry. In addition, given that this is the largest industry of the public transport sector – how is the Department of Transport financing this industry? And, how is the government going to facilitate workshops to make sure that the various stakeholders within the industry attend these workshops? These are some of the questions that should open critical thinking and engagement/dialogue from people involved in the formalisation of the industry.⁴⁰

Moreover, the formalisation process should consider the fact that the taxi industry is not static, but rather dynamic. It is crucial to note that the taxi industry is internally constituted by many stakeholders, such as taxi owners, drivers, taxi marshals, government, taxi associations, etc.⁴¹ There seems to be a profound ontological principle involved, given the way in which work is organised in the industry. All these are in contradiction with the process of formalisation, thus somewhat giving rise to the re-production of informality. Given this, the formalisation process should consequently begin with the concrete (the totality of the taxi industry), the whole, the system, and then proceed to an examination of the part to see where it fits and how it functions, leading eventually to a fuller understanding of the whole from which one has begun. In other words, the taxi industry should be studied as a complex system in its totality, informed by underlying mechanisms that give rise to what we see in the industry. Rethinking the formalisation process is necessary to understand the industry, given its vastness and complexity. The current formalisation process is making a mistake by classifying the concrete/complex taxi industry as one part.

Concluding remarks

Consequently, it is essential to note that the process is central in the taxi industry’s *modus operandi*. As such, it is clear that without the processes (taxi operating, driving, commuting, informalisation, formalisation, etc.) that continually work to support the taxi industry, the sector would be meaningless. Rethinking formalisation thus forces us to ask: By what process is the taxi industry constituted and how is it sustained? What role does the industry play in the broader

South African economy? These are some of the questions that this paper has attempted to answer. Furthermore, rethinking formalisation wishes to understand the taxi industry as a system/totality in constant development and change, as following 'laws of motion', which are integral to its functioning as a particular mode of production.

The minibus taxi industry continues to play a leading role in the public transport sector, transporting up to 65% of the South African population to their destinations.⁴² The industry is praised with supporting black South African communities by providing a decentralised, inexpensive, and more accessible alternative to public transportation. It has, to a large extent, empowered black South Africans at a time when few opportunities existed for economic empowerment. It also provides a strong example of enterprise serving as a platform for fighting unemployment, for job creation and for poverty alleviation.

However, the industry continues to straddle the formal and informal economies in South Africa. There continues to be tension around the formalisation process of the taxi industry. Given this background, rethinking the formalisation process of the minibus taxi industry proposes that we approach the industry as a complex system in its totality informed by underlying mechanisms that give rise to that which we see – a dynamic, violent, decentralised and unorganised taxi industry.

Source:

http://www.consultancyafrica.com/index.php?option=com_content&view=article&id=1288:the-minibus-taxi-industry-in-south-africa-a-servant-for-the-urban-poor-&catid=82:african-industry-a-business&Itemid=266

NOTES

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³ Ibid.

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⁵ 'Minibus taxis and road safety', Arrive Alive, 2013, <http://www.arrivealive.co.za>.

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