



THE IMPLICATION OF TAXI RECAPITALISATION PROGRAMME IN GAUTENG



EE KODISANG

STRUCTURE OF THE STUDY



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INTRODUCTION



South Africa aims to recapitalise 80% of the country's taxi/minibus fleet by 2009/10 as it accelerates its R7.7 billion taxi recapitalisation programme (Mckenzie, 2003).

According Boudreaux (2006) taxi/minibus industry in South Africa serves approximately 65% of the South African commuters.

INTRODUCTION



Preece, (2006) argues that the taxi recapitalisation programme (TRP) has the capacity to improve and transform the industry.

He further cites that the industry receives no slice of the R4 billion allocated each year by the National and Provincial governments to subsidise bus and rail commuters.

INTRODUCTION



Cambridge, (2000) cites advantages of the TRP as follows:

- ❖ The largest part of South Africa's transport system will be revitalised
- ❖ Taxis will be safer and more comfortable
- ❖ Conflicts over taxi routes will end
- ❖ Taxi drivers will experience better wages and working conditions

INTRODUCTION



- ❖ Taxi owners will benefit from cooperative purchasing at lower rates
- ❖ Income received from the taxi industry will be taxed
- ❖ Information on public transport patterns will be easily accessible

PURPOSE OF THE STUDY



The study is to investigate:

- ❖ The implementation of taxi recapitalisation
- ❖ Costing of the taxi industry
- ❖ Minimum wage for the taxi drivers
- ❖ Safety and reliability on new minibuses
- ❖ Electronic management system (EMS)

LITERATURE REVIEW



- ❖ Description of the Taxi industry
- ❖ Evolution of the industry
- ❖ The nature of the industry
- ❖ The implication of taxi recapitalisation
- ❖ Poverty alleviation and the taxi industry

RESEARCH METHODOLOGY



- ❖ Empirical data was collected by means of personal interview.
- ❖ A random sample was selected in Pretoria and Johannesburg areas
- ❖ Ten research assistants were recruited and briefed on the questionnaire they are to administer.
- ❖ The respondents were either the taxi operators or taxi drivers.
- ❖ A total of 300 respondents were interviewed by the field assistants.

RESEARCH METHODOLOGY



According to de Vaus (1990, p.99), a common way of computing the response rate is to use the following formula:

$$\text{Response rate} = \frac{\text{Number of completed and returned}}{\text{Total number in sample} - (\text{ineligible} + \text{unreachable})}$$

$$\begin{aligned} \text{Therefore our response rate} &= \frac{\text{Total number of responses completed and returned}}{\text{Total number in sample} - (\text{ineligible} + \text{unreachable})} \\ &= \frac{300}{300 - 0} = 100\% \end{aligned}$$

RESEARCH FINDINGS



TAX PAYERS

The respondents were asked whether they are assessed on monthly (provisional taxpayers) or yearly (normal taxpayers) by South African Revenue Service (SARS). The response is as follows:

Table 1: Tax Payers

(N = 300)

Mode of Payment	Number of Respondents	% of Respondents
Yearly	76	25
Monthly	44	15
None	180	60
Total	300	100

RESEARCH FINDINGS TAX PAYERS



The survey further found out that of those who pay tax yearly (n=76), 57.9% pay over R2 000 in taxes while 23.7% pay between R1 000 and R1 500 in taxes.

Those who pay taxes between R1 500 and R2 000 constitute 13.1% and only 5.3% say they pay between R500 and R1 000 in taxes.

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RESEARCH FINDINGS OVERHEAD COSTS ITEMS



Typical overhead costs incurred:

- ❖ repairs and maintenance
- ❖ telephone and cellular phone call
- ❖ insurance and licensing
- ❖ fuel and tyres
- ❖ wages/salaries of the drivers.

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RESEARCH FINDINGS AGE OF VEHICLES



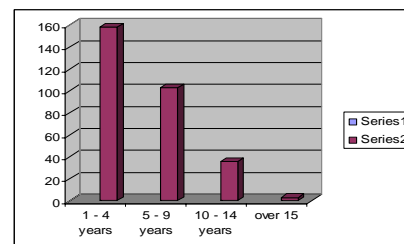
The questionnaire aimed at finding the age of vehicles in use and how intensively they are used within any given day.

The survey found out that 53% (n=158) of the taxis are under the age of five years and 47% (n=142) are over the age of five years.

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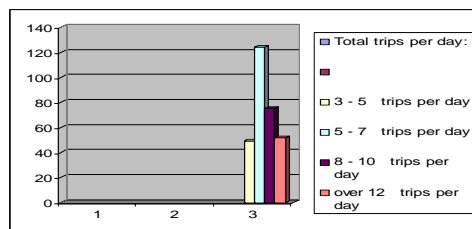
RESEARCH FINDINGS AGE OF VEHICLES



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RESEARCH FINDINGS TOTAL TRIPS PER DAY



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RESEARCH FINDINGS NUMBER OF TIMES VEHICLES THAT ARE SERVICED



N = 300

Number of time service made	Number of Respondents	% of Respondents
1 time	37	12
2 times	56	19
3 times	193	64
Not at all	14	5
Total	300	100

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RESEARCH FINDINGS INTERGRATION OF THE INDUSTRY



Forty five percent (45%) of the respondents **fully support** the initiative of integrating taxi industry into government's subsidised public system, twenty eight percent (28%) **support** and twenty seven percent (27%) **do not support**.

Fifty two percent (52%) of the respondents **agreed** that the objective of TRP was to regulate the minibus taxi industry, twenty six percent (26%) **disagree** and twenty two percent (22%) were **not sure**.

RESEARCH FINDINGS TAXI FARES



The respondents alluded that the revenue charged was dependent on the distance/kilometres travelled.

Twenty four percent (24%) charge seven rands (R7.00),

Nine percent (9%) charge five rands (R5.00),

Thirteen percent (13%) charge ten rands (R10.00) and

Four percent (4%) charge twenty rands (R20.00).

All of the respondents responded that they operate their business on a cash basis

RESEARCH FINDINGS OWNERSHIP



Employees 63%

Owners 28%

Casual workforce 9%

CONCLUSION



❖ According to the findings, 60% of taxi operators do not pay tax. The TRP would bring this defaulting group on board.

❖ Typical overhead costs incurred in running a taxi include repairs, telephone and cellular phone call, insurance, fuel, tyres and wages/salaries of the drivers.

CONCLUSION



❖ According the study, 47% of the taxis are over five years old. This should be a concern for the government hence the challenge on government to scrap the old taxis and introduce new ones.

CONCLUSION



❖ The study found out that 5% of the respondents do not undertake any form of service at all, and 12% serviced their vehicles once a year. This has the tendency of putting commuters at risk.

CONCLUSION



- ❖ The Electronic Management System (EMS) which will not only keep record of fares and the number of passengers transported per shift but also monitor and log speed violations among others is a very important safety device for commuters.

CONCLUSION



- ❖ More passengers are carried in a small vehicle more than what the vehicle can accommodate.
- ❖ That makes passengers uncomfortable.
- ❖ The introduction of maxi buses with safety devices would ensure commuters' comfort in travelling.

CONCLUSION



- ❖ The TRP would limit the speed to the advantage of the commuters since taxis travel at high speed.
- ❖ The revenue depends on the route and the distance they travel.
- ❖ They deal on cash basis.

CONCLUSION



- ❖ Economic empowerment for the industry through the provision of a once-off subsidy in the form of scrapping allowance.
- ❖ Renewal of the aged and unsafe taxi fleet
- ❖ Improve accessibility to public transport for people with special needs

CONCLUSION



- ❖ Address road fatalities in the public transport generally whilst specifically promoting road safety records for taxi vehicles.
- ❖ Serve as basis for modal integration leading to the industry being in the formal stream of public transport thus participating in the public transport subsidy scheme.
- ❖ Regulate the taxi industry.