



For Immediate Release
Attention: News Editors
Date: 19 June 2020

MINISTER MBALULA UNVEILS TAXI RELIEF SUPPORT AND ECONOMIC STIMULUS FOR TRANSPORT ENTITIES

The prevalence of the COVID-19 pandemic has had a devastating impact on many sectors of our economy. The transport sector has not been spared the brunt of this devastation. We are under no illusion about the economic impact on families, on workers and on small businesses who rely on the sector to make a living.

Our mandate as a sector is that of a catalyst, which enables mobility in the economy and social setting. However, we are enjoined to execute this mandate responsibly and in a manner that ensures that the preservation of human life remains sacrosanct.

The hard choices we have to make as a nation are premised on the centrality of the right to life and our singular commitment to uphold this right, above all else. Not everyone will be happy with these choices. Some of which have been hard and will undoubtedly change our way of life. However, we must never forget the reason we make these difficult choices in the first place. To preserve human life.

We are equally duty bound to ensure that ours is not a sector that will enable the rampant spread of the virus. The measures that we put in place, and continue to revise from time to time, are meant to mitigate against this spread through various transport modes.

As a sector, our planning and interventions have always been mindful of both the prevailing conditions and also contemplate life post COVID-19. In adapting our long-term transport strategy to the COVID-19 pandemic and its implications for the sector, we have taken a long-term view that defines a legacy that COVID-19 will leave behind and how as a sector we should adapt to the new normal.

Measures to stimulate the economy post lockdown include gradual resumption of operations across all modes. Equally, a number of our entities that play a strategic role in our economy and whose role is central in accelerating the

recovery of the economy have borne the brunt of the pandemic, and require urgent financial support.

Aviation

Our immediate response to the pandemic when the country entered a hard lockdown, we closed our airspace to all air traffic, both domestic and international. This followed fast on the heels of similar closures of airspace by the vast majority of countries around the world. This has negatively impacted revenues for airlines, airport authorities, navigation services as well as civil aviation authorities.

The Aviation sector worldwide has been severely impacted by the pandemic. Ours has not been an exception. Our Airports Company South Africa (ACSA) has been hardest hit, as all its revenue streams were affected. This has been further worsened by the credit rating downgrade earlier in the year. The ATNS, SACAA have been equally impacted and will require support to achieve recovery as quickly as possible.

Maritime

Similar to the Aviation sector, we closed our sea-ports to passenger vessels and cruise liners at the beginning of the lockdown. This was in line with similar actions taken by other nations around the world. The impact on the maritime sub-sector has been equally devastating both to the private sector and maritime authorities.

Rail

At the beginning of the lockdown, we closed both long distance passenger rail and commuter rail. Long distance rail services such as Shosholoza Meyl and Rovos Rail remains closed, while commuter rail has been permitted to operate in Level 3. Gautrain services are fully operational, while Metrorail services are projected to resume on 1 July, subject to stringent safety measures being implemented. The COVID pandemic has worsened PRASA's financial position, resulting in further cash constraints on an already strained financial situation.

Road

In the roads space, both private operators and authorities were adversely impacted by the pandemic. These include bus operators, driving schools, courier companies and many others. Our road authorities such as the Road Traffic Management Corporation (RTMC), the Road Traffic Infringement Agency (RTIA) and the South African Roads Agency Limited (SANRAL) have been adversely affected. SANRAL not only suffered from loss of revenue, but the delays in

capital projects have also had an adverse effect. SANRAL's access to capital markets is limited as a result of the sovereign downgrade earlier in the year.

In response to the plight of industry, government has responded with a wide range of measures, central to which was a R500 billion relief package, covering various sectors. Within this package about R100 billion was set aside by the National Treasury to support Job creation and support for SME and informal business. This package is meant to support businesses in distress, save jobs and secure wages for workers. It is equally meant for all sectors and businesses that qualify for relief, including those in the transport sector.

In a similar manner, we will make available funding available for each of our Departmental Public entities adversely impacted by this pandemic. Discussions with the National Treasury are underway related to other financial instruments that may be employed to support the recovery of our departmental entities. This is to ensure that they continue to play a strategic role in stimulating economic activity and providing support to the respective sectors as the economy resumes activity.

We have further made resources available in the form of sanitisers, disinfectants and other personal protective equipment, in order to alleviate the procurement burden on the part of operators. A number of companies, operating in the transport sub-sectors ranging from bus operators, logistics firms, driving schools and many others have approached us for relief support. We have provided adequate advise and redirected these companies to the government relief funds established for this purpose and the support they require. A number of companies in the transport sub-sectors have experienced difficulties in accessing the relief funds or lodging their applications. We have established dedicated capacity in the Department of Transport to help support these businesses to apply and access these relief funds.

Due to peculiarities only applicable to this industry (in that it falls outside the coverage of the small businesses relief packages established by government), the state has made an effort to accommodate the Taxi Industry. Government has deemed it appropriate to establish a dedicated relief support for the taxi industry.

This industry is the largest carrier of passengers across all modes of transport. The taxi industry moves approximately 15.6 million passenger journeys on a daily basis, accounting for moving 68% or 5.4 million passengers daily.

It is estimated that this industry generates in excess of R40 billion per annum with approximately anything between 250 000 to 300 000 taxis that generates approximately 350 000 direct and indirect job opportunities. These include drivers, rank marshals and other administrative support staff.

Currently, there are 137 000 legal taxis operating in the country with the relevant and valid operating licences as registered in the Department's Land Transport Information System (OLAS). We also estimate based on the last audit undertaken that there are approximately 113 000 taxis operating illegally with the receipts, as proof that they have applied for operating licences with the relevant provincial authorities. It should be emphasised that the fact that you have applied for a permit does not automatically mean that you are issued with a permit.

There are about 25 000 registered metered taxi operators countrywide and about 63 188 e-hailing driver operators as well as 1 900 cross-border taxi operators registered in South Africa. All these were duly considered by government in considering the eligibility and requisite support that government may outlay to the taxi industry.

Government has duly considered the negative impact of the Disaster Management Regulations in response to COVID-19 pandemic on the Taxi Industry due to the following reasons:

- a 30% reduction in the loading passenger capacity,
- prohibition of inter-provincial travel and thereby the stoppage of long-distance taxi operations, and
- the closure of border and thereby the prohibition of cross-border taxi operations.
- Restricted operating times for taxis and the targeted transportation of essential workers during the lockdown level 5.

All of the above these meant that the taxi industry was operating less than 60% of its fleet size, and carried 30% less of its licensed carrying capacity. Almost 20% or more of the taxi industry experienced total loss of income. This is particularly true of the long-distance and cross-border operators, who are directly affected by the closure of land borders and the prohibition of the Inter-Provincial travel.

We have therefore agreed to provide relief to the industry in the form of a once-off ex gratia payment to taxi operators. It should be emphasised that this is not compensation for loss of revenue as a result of COVID-19 restrictions, but rather assistance by government within the available resources and means. This relief must be equally looked at through a long-term view of the opportunity created by COVID-19 pandemic to achieve long-term sustainability of the industry through formalization and ultimately subsidization.

The government's proposal on the Taxi Relief Support had taken the following into consideration:

- Relief will be accessible to all taxi operators, irrespective of affiliation.

- Relief will focus on legal taxi operators with valid operating licenses. We have now accepted the representations of the Taxi Industry to accommodate those with receipts, as proof that they had applied for operating licences, but these have not been finalised by our provincial regulatory entities. This category will need to be fully registered and issued with Operating Permits first based on the existing requirements by the Provincial Registration Entities.
- Although some taxi operators are owner-drivers, the assumption for purposes of the relief would be one driver per taxi. We have now accepted that relief should be based on each permit rather than the ownership patterns.
- The relief will be an all-inclusive relief scheme that would also cover Owners, drivers, rank managers, marshals and other taxi associations workers.

The Relief Support process has provided an opportunity to advance the formalisation of the taxi industry. This process is a subject of an ongoing engagement with the leadership structures of the taxi industry. We have taken note of the objections of the taxi industry to the effect that the relief support and the formalisation processes should be de-linked. The Taxi Industry has made representations to us that they are vehemently opposed to the conditions set down for access to the relief support. **These conditions set down by government include the following:**

- The taxi operations must be formally registered as a business entity;
- The registered business must have a business banking account into which the relief allowance will be paid into;
- These businesses must be registered for Income Tax and other applicable taxes related to running a business in South Africa.
- The registration process also includes registration of employee(s) with the Unemployment Insurance Fund (UIF), the Compensation Commission and for the Skills Development Levy; and
- They must be in possession of a valid Operating License or a receipt as proof of application for an operating licence. Such receipts must have been issued before 28 February 2020.

The Department of Transport had also agreed with the National Treasury to designate the South African Revenue Service (SARS) as the Implementing Agency to register and administer the relief to the Taxi industry, due to their proven capacity in handling transactions of this nature. We will open our electronic gateways on eNatis (electronic National Traffic Information System) and Olas (Operating Licence Administration System) systems to SARS to enable them to validate vehicle and operating licence information, as part of this process to ensure that there is no fraud in the distribution of funds to beneficiaries.

In contextualising the taxi relief support, it is important to understand that this is amongst the largest relief packages for any economic sub-sectors provided for by government. Government has offered the Taxi Industry a relief package of R1,135 billion. Reaching agreement within government for this relief support for the taxi industry was a difficult process that involved extensive lobbying and convincing the relevant authorities on the importance and need for this fund. Most of the special relief funds for sub-sectors provides on average maximums of about R350m in comparison to what's on offer the taxi industry.

The Industry has further requested that the Department of Transport should review the regulations and Directions to allow for the loading capacity to be increased from the current 70% to a 100% with all passengers wearing masks and with regular sanitisation of vehicles after each journey as mitigation measures. This is not a matter the Department of Transport can finalise on its own and will need to be discussed by the NATJOINTS and the National Coronavirus Command Council for its consideration and then a response will be provided to the Taxi Industry.

The Taxi Industry has also requested the Department of Transport to allow Inter-Provincial Travel of taxis and for Cross Border operations. Similarly, this too will be subjected to the intra-governmental processes outlined above and to this extent I have undertaken to report back to the Taxi industry in the coming week on the feedback of my engagement with the colleagues on the proposals.

I was also requested to intercede on behalf of the operators who are clients of SA Taxi Finance to ask for a moratorium on vehicle repossessions and also on an extended repayment holiday for taxi operators in distress. We have received encouraging and positive feedback from SA Taxi Finance that they will put a moratorium in place and also extend their initial one-month repayment holiday by a further two-months. To aid in alleviating the difficult position the taxi industry finds itself in as a result of the COVID-Pandemic.

The Department of Transport will finalise its work and we will in due course announce the date on which payments in respect of the available relief will start.

END

**Issued by: Fikile Mbalula
Minister of Transport**

**More Information: Ayanda Allie-Paine
072 566 0827**