



**TRANSPORT MINISTRY  
REPUBLIC OF SOUTH AFRICA**

**KEYNOTE ADDRESS BY THE MINISTER OF TRANSPORT, MS SINDISIWE  
CHIKUNGA (MP) AT THE RE-LAUNCH OF THE NATIONAL TAXI RELIEF FUND**

- Programme Director
- MEC of Transport in Gauteng: Hon. Kedibone Diale-Thlabela
- The Director-General of the National Department of Transport: Advocate James Mlawu
- The Deputy Director-General for Public Transport: Mr Mathabatha Mokonyama
- The President of SANTACO: Mr Tsebe
- The President of NTA: Mr Xx
- The Leadership of SANTACO and NTA present
- The CEO of TRSA: Mr Xx
- The Leadership and Management of the SA Taxi
- Taxi Industry Associations and Operators
- Members of the Media
- Ladies and gentlemen

## **INTEODUCTION**

I wish to thank you all for accepting our invitation to participate in this Taxi Relief Fund Re-launch Programme and we are also pleased that the industry has continued to support programmes of the Department of Transport broadly.

The collaborative relationship between government and the taxi industry has ensured that South Africans are able to attend to their needs, from even the most remote parts of any province or region in our country.

This democratic 30-year period has always compelled us to link public transport to the satisfaction of human rights through which each every South African must be able to realise their potential.

Without adequate provision and equal distribution of public transport across rural and urban areas, it will remain a major challenge for the majority of South Africans to realise their dreams and attend to their daily needs.

## **HISTORICAL BACKGROUND OF PUBLIC TRANSPORT**

**Ladies and gentlemen,**

When apartheid colonial planning on human settlements threw our people tens of kilometres away from places of work, hospitals, schools, tertiary institutions, and other places of individual or group interest the taxi industry had stepped up to carry a burden which should in large measure be the responsibility of the state.

When the apartheid state stopped investing in passenger rail infrastructure, stopped investing in bus transportation, the taxi industry had stepped in to convey our people to the satisfaction of their daily dreams.

It is also true that as we battled the COVID 19 pandemic and as South Africa needed essential workers to get to work and keep the country and the nation afloat, the taxi industry was there to ferry these essential workers.

And this industry has continued to grow even in the face of many challenges it has faced throughout its existence.

Therefore, as a democratic government we have continued to recognise the immense contributions of this industry to the development of our people and today as we continue to implement a programme of economic recovery, reconstruction and growth, we can certainly depend on the continued support of this industry.

As government we collectively understand that without strengthening our bond with the industry, we cannot effectively win the war against poverty, unemployment and inequality, all of which have remained our most significant challenges as a nation.

These challenges have required that we enable the creation of jobs and enable their mobility cost effectively, efficiently, reliably and safely.

The most significant means to get our people out of the challenges faced, have involved intensified efforts of recovering, revitalising, constructing and maintaining or building new transport infrastructure while growing transport industries, which has required transformation of the procurement environment, and by implementing an intensive skill development programme across the industry.

## **POLICY AND LEGISLATIVE ENVIRONMENT THAT ENABLES RECOVERY AND RECONSTRUCTION OF OUR ECONOMY**

### **Programme Director,**

We have over the last 5 years intensified reinvestment in rail infrastructure, recovering passenger rail corridors largely destroyed by vandalism and theft, building new train sets and reintroducing lost passenger rail services.

Through the National White Paper on Rail Policy, we are already making key inroads into the improvement of rail infrastructure and to this effect have designed plans for the inclusion of the private sector by opening up opportunities for the private sector to help us rebuild rail through third party access to the rail network.

Our investments on new road infrastructure have turned South Africa into a construction site and attest to our commitment to make our roads safer and more efficient, reducing travel time and reducing the costs of transportation, this adding also towards making South African roads competitive for transportation of persons and cargo.

In order to reduce trucks on our roads and thus make it safer to operate road public transport, we have stuck to our commitment to increase rail cargo transportation.

Recent engagements with the road freight industry are bringing us closer and closer to a long-term solution in which we will see fewer and fewer trucks on our roads especially on the long-haul national road network and this is given our accelerated effort to fix rail and move rail friendly cargo back to rail.

As regards improving the quality of our roads, we have continued to implement, Operation Vala Zonke, our pothole repair programme, launched in 2022 and which we have intensified by creating a more effective planning and budgetary process with provincial governments and municipalities as regards the maintenance of roads, which we all know are some of the most valuable assets we own as a nation.

It should also be noted that provincial governments have continued to find resolution of road quality challenges by ceding some of their roads for proclamation under the South African National Roads Agency (SOC) Limited, SANRAL due to the resources, expertise and experience held by SANRAL.

Through our Cross Easy programme at our borders, we have ensured that we gain the necessary efficiencies, reducing the long queues at our road ports of entry, shortening border crossing times and thus addressing costs to passenger and freight transport operators, most importantly reducing the safety risks on the road caused by congested roads.

In order to ensure effective contribution to the Economic Recovery and Reconstruction Plan, we need to continuously improve our public transport system through increased reliability, safety, affordability and accessibility of public transport services and ensure the provision of adequate supporting infrastructure.

We have also addressed the challenges faced by some of our Integrated Public Transport Network (IPTN) projects and will continue to emphasise the role of integrated public transport provision as the most sustainable means for the transportation of our people.

## **SUPPORT AFFORDED TO THE TAXI INDUSTRY THROUGH THE TAXI RELIEF FUND**

### **Distinguished Operators,**

The taxi industry forms a crucial component of integrated public transport, and it is for this reason that we will always be sensitive to challenges facing the industry as any challenges affecting one component will have implications for the entire system, and this also refers to why we have this engagement today.

The Department of Transport secured a once off relief fund to the value of R1, 135 billion, in 2021, to assist the taxi industry in dealing with the negative impact of the Covid-19 pandemic. The relief was based on the principle of ex gratia payment, paid only to taxi operators with valid operating licenses.

In March 2021 the Department appointed the National Empowerment Fund (NEF) to be the implementing agent of the fund based.

Although the rollout of this unprecedented relief fund experienced delays in the initial stages due to protracted engagements with taxi industry, it finally got underway in January 2022 and Cabinet approved the validity of the TRF until 31 March 2023.

Based on the initial count of the number of taxis available, it was decided that operators were to receive R5000 per license. However, following a thorough analysis on the operating license information system, it was realised that only 141 987 operating licenses were on the system and therefore qualified to benefit from the fund.

As at 31st March 2023, when the TRF period lapsed, a total of **85 364 (60%)** operating licenses were paid out of the **141 987**. This amounted to **R426 820 000** disbursement and a balance of **R708 180 000** has not been disbursed.

The Department again approached Cabinet to request for an extension of the TRF to afford as many taxi operators as possible an opportunity to benefit from the fund. Cabinet approved the extension of the TRF in August 2023 for a further period of 12 months.

**Based on the number of qualifying operating licenses I would like to announce an increase of the amount paid per operating license from R5000 to R7200. Operators who applied in the first round of the project should apply for a top up of R2200.**

Emanating from the Taxi Imbizo resolutions the Department has appointed Taxi Recapitalisation South Africa (TRSA) to implement the second iteration of the fund.

**In order to qualify for taxi relief funding, the following has served as qualifying criteria.**

**A taxi operator must, —**

- (a) be a South African citizen or permanent resident in the Republic and
- (b) be in possession of a valid operating license, or receipt as proof of application for renewal of an operating license.
- (c) Must be registered for income tax with the South African Revenue Services

**Required Documents: -**

The following are documents are required (and should not be older than 3 months)

- (a) Certified ID or Proof of Business registration
- (b) Proof Residence
- (c) Stamped Bank account Letter
- (d) Proof of Tax Registration number to be provided on application.

The following are requirements for the late estate: -

- (a) Certified letter of Authority or Executorship
- (b) Certified copy of ID- Executor
- (c) Copy of ID deceased
- (d) Copy of death certificate
- (e) proof of residence of the Executor
- (f) Bank letter confirming proof bank account of estate
- (g) Letter of SARS of the deceased.

**In order to intensify the marketing initiative and improve the outreach of the fund this time around, the TRSA plans to employ project ambassadors and deploy some of them as field workers into taxi ranks for live registration and face to face interaction. This is another form of creating jobs for our unemployed youth.**

## **TAXI INDUSTRY EMPOWERMENT**

**Ladies and gentlemen,**

It is important to note that the Department of Transport has focused not only on such relief programmes, but that the department has continued to implement a strategy to grow the industry through sustainable empowerment projects that the Department has designed and developed within the scope of the Revised Taxi Recapitalisation Programme (RTRP).

The Department launched the RTRP in March 2019, as part of an extended scope of the Taxi Recapitalisation Programme (TRP) implemented from 2006 to 2018.

The focus of the TRP over the initial period from 2006 – 2013 was focussed entirely on recapitalisation namely the removal of old unsafe minibus taxi vehicles from public roads and demolition thereof, as well as the administration of the scrapping process and subsequent payment of scrapping allowance on successful applications.

The initial seven-year period of the programme was extended to late 2018 as the identified number of old taxi vehicles had not yet been processed.

A review of the TRP was conducted by the Department and other relevant stakeholders in 2015-2016 to identify some of its challenges and shortcomings. The report of the review was a key factor in the compilation of the outcomes and deliverables for the RTRP.

In March 2019, the Department commenced with the implementation of the RTRP. Although the RTRP continued with the element of scrapping of old taxi vehicles, the scope of the programme was significantly broadened to focus on identifying and exploring opportunities to accelerate economic empowerment and sustainability within the taxi industry, ultimately reducing dependence on government funding.

## **The Scrapping of Old Taxi Vehicles**

### **Captains of the Taxi industry,**

The Taxi Recapitalisation Programme was originally approved for implementation by Cabinet in 2006, for a period of seven years, at a total cost of **R7.7 billion**. This was one of the many interventions that government introduced to transform and restructure the taxi industry and improve its service delivery in order to make it safe and reliable.

As I indicated, the TRP initially focused on the replacement of unsafe, unreliable and un-roadworthy taxi fleet with purpose-built new taxi vehicles. In this regard a total of 135 894 taxi vehicles were identified for scrapping in 2006.

By the end of September 2018, a total of **72,652** of the **135,894** old taxi vehicles were scrapped and **R4.4 billion** in scrapping allowance paid. In March 2019, a Revised Taxi Recapitalisation Programme (RTRP) was introduced after Cabinet approved the continuation of the programme.

The focus of the RTRP was broadened beyond the scrapping of old taxi vehicles to include the identification and creation of opportunities for economic empowerment across the taxi industry's value chain.



A total of **11, 040** old taxi vehicles have since been scrapped since March 2019 and a total amount of **R1,5 billion** has been paid out to operators. This is another form of subsidisation to the taxi industry (capital subsidy) to assist with the reduction of vehicle costs and capitalisation of the fleet.

### **Taxi Industry Empowerment Projects**

In early 2020, the Department commenced with preliminary exploration to lay the groundwork for commercially viable projects that would be beneficial and sustainable in the minibus taxi industry but was curtailed due to the COVID-19 lockdown causing a significant delay in setting out the roadmap although it has since been accelerated.

The following projects were designed for piloting with the minibus taxi industry:

- Formalisation through fleet rationalisation and **Automated Fare Collection (AFC)** includes co-operatisation of the industry at a local level, formalisation of employment (especially drivers) and collective registration with UIF, unity of operations to improve effectiveness and efficiency of services, and access to other economies of scale available to the industry. The Automatic Fare Collection (AFC) brings a 'cashless' system to the industry immediately providing a safer environment for commuters and flexible payment options, ensures better financial control through consolidated management of operations and resources, and finally provides empirical data in support of transport planning and the Commuter Subsidisation model.

Rationalisation of vehicle fleets, optimisation of routes and introduction of a scheduled service provides a better quality of service, increased regulatory compliance and attention to safety.

- **A 24Hour Service and Spares Retail Centre** modelling an automotive sector services hub, which centralises township mechanics and related enterprises by providing an environment focussed on technical skills and training and SMME development in the automotive value chain.

- The strategy seeks to change attitudes which define townships as a reservoir of labour for towns, and turn them into productive centres, capable of absorbing local labour.
- **Container Retail solution** provides a simplified and cost-effective solution that 'drops' a retail container at a predetermined location for the sale and distribution of taxi vehicle spare parts and tyres at competitive prices, and with minimal loss of productivity to the operator. The basket of taxi specific spare parts and tyres is carefully chosen as well as traditionally known fast moving items often purchased by the taxi owners and operators are kept in stock. These have been piloted in Mamelodi, Kemptonpark and Olivenhoutbosch for now.
- **'Siyahamba' mobile application** intended to serve multiple functionalities to support the association, operator/ owner, driver and commuter, initially as an effective and more efficient mobile-based communication platform, and additionally as method of effective management. The app will further provide a more accessible platform for MTI Learning and Development, serve as a means of instant communication from DoT and result in the creation of a central database of minibus taxi vehicles, taxi operators, taxi drivers and routes they operate on.

**Ladies and gentlemen,**

The Draft Public Transport Subsidy Policy has been approved for public consultation process.

The Department embarked on a process of developing a National Public Transport Subsidy Policy to guide the subsidisation of public transport in the country. This process started in October 2018 .

A Draft Public Transport Subsidy Policy been gazetted on the 23<sup>rd</sup> of February 2024 (Gazette No 50176) for public comments and closing date for comments is the 31<sup>st</sup> of March 2024. The draft subsidy policy document can be accessed on the NDOT website.

The draft policy identifies a number of issues and challenges to be addressed. Some of these issues are the following:

- a. Public transport is receiving disproportionately little funding relative to its role in the economy and society at large.
- b. Public transport funding is done in isolation of other built environment initiatives.
- c. Operational subsidy is not differentiated in terms of operating conditions.

### **Proposed Policy Statement**

We have proposed the following policy statements regarding the public transport subsidy policy that:

1. Public transport subsidies should be implemented to achieve specific goals in transport plans, and approved transport plans must be purpose driven and transformative to achieve desirable outcomes.
2. Public transport subsidies will be managed by municipalities in line with section 151 of the Constitution which states: *“a municipality has the right to govern the local government affairs of its community subject to national and provincial legislation”*.
3. Public transport will be cost recovery based and subsidy will only be allocated to cover the cost of providing services above what is deemed affordable to users limited to what is affordable to the State.
4. Public transport subsidy will consist of both operational and capital support. The user targeted operational component will target poor households and the capital subsidy component will target infrastructure and assets.

5. Information technology will be used to increasingly administer operating subsidies.
6. There will be no mode specific financing, but a subsidised network will be serviced by a combination of modes to minimise the cost of transport.
7. There will be differentiation between urban and rural areas.
8. Governance and administration require that no municipality should be a public transport operator.

### **Proposed Policy Enabling Interventions**

Although, there is consensus on the need to subsidise public transport in the country, it is proposed that such subsidisation must be outcome-based and essentially be guided by the following enabling interventions:

#### **Integrated transport plans**

Subsidisation of public transport should be implemented through approved transport plans. The plans must mainly be responsive to strategic needs in municipalities. In this regard, the practice of dispensing public transport subsidy purely on historical basis should come to an end. This is because such a practice, incentivises inefficiencies.

In order to create stability, the plans must be generated for a 5-year horizon in the case of operational subsidies and 10 years for capital subsidy. These plans should be subject to annual reviews.

#### **Increased funding for public transport**

There is no internationally agreed norm for funding public transport. However, in line with international trends and for the level of public transport use in the country, South African society should not be spending more than about 7% of GDP on transport.

Nonetheless, the draft policy argues that South African society pays about 5% more than this and therefore, 5% remains the efficiency backlog of the passenger transport system.

In this regard, the Draft National Public Transport Subsidy Policy recommends that funding for public transport, be increased from the current equivalent of 0.8% to 5% of GDP, initially to eradicate the prevailing backlog.

### **Subsidy allocation formula**

The draft policy recommends a scientific basis for the allocation of public transport subsidy to local government, that is user targeted, equitable and sustainable. It is proposed that subsidisation of public transport should be subject to a formula that categorises municipalities in terms of population and travel generation.

### **Stakeholder Consultations**

In conclusion ladies and gentlemen, it should be mentioned that the Department will arrange a consultation session with the taxi industry in due course as part of the final consultation with key stakeholders on the matter of the subsidy. We will continue to consult with the industry on additional opportunities entailed in our recapitalisation related empowerment programme.

Finally, it is our hope that the captains of industry that have made it to this meeting will share our views on the matter of the Taxi Relief Fund and will spread the message across the industry. Above all, we believe that all in attendance here today should join us as ambassadors for road safety, especially as we will be launching the Easter Weekend Road Safety Programme.

**Thanks again for your participation.**