Make taxi recapitalisation programme compulsory

By Vincent Raseroka

7 Jun 2019

Just before the elections, former transport minister Dr Blade Nzimande announced a new taxi recapitalisation scheme focused on removing older, unroadworthy minibus taxis from the country's road, thereby increasing vehicle safety for drivers, their passengers and other road users.


Vincent Raseroka

The Taxi Recapitalisation scheme is not a new thing. First introduced in 2006 with a target of removing 100,000 old vehicles from the road, the target later increased to 135,000. While the programme had some initial successes, the number of taxis scrapped over the years has dwindled. By the end of 2017, around 70,000 taxis old taxis had been scrapped. By the end of September last year, a total of 72,653 old taxis have been scrapped and a total amount of R4,4bn was paid in scrapping allowances.


Renewable energy vehicles can revolutionise South Africa's public transport system
Vincent Raseroka 18 Apr 2019

Nzimande increased the scrapping allowance from R91,100 to R124,000 per old taxi, which raises the total budget to just under R8bn. This is in hope that taxi owners will voluntarily hand in their old, unroadworthy vehicles, in exchange for the cash to put towards a new, safer, roadworthy model.

The problem is that the old vehicles – even though unroadworthy and a danger to all road users – are still worth more to taxi owners on the road, than the R124,000 on offer. The older, debt-free vehicle is still earning cash, while a new vehicle would come with an extra monthly debt cost, which drives profits down.

Out with the old?

In many cases where older taxis have been scrapped under the taxi recapitalisation scheme, authorities later on are surprised when the “scrapped” taxi amasses new traffic fines. Someone is playing the system, and some of the old, scrapped vehicles turn up on the road again, operating as taxis.

These are only some of the reasons that we find dilapidated old vehicles with well over one million kilometres on the clock, held together with pieces of wire, on our roads, putting the lives of their passengers and other road users at risk.

Nzimande emphasised the development of “sustainable, commercially viable revised taxi recapitalisation programme management solutions leveraging and exploiting opportunities available in the minibus taxi industry’s entire value chain with taxi operators as active and meaningful participants”. This, I believe, is the key. The entire value chain should play its role to contribute to the programme’s success.

Assistance offered

One way of making the taxi recapitalisation programme work is to make it compulsory, using one of two finance options. The first would be to offer an extended finance term of seven years, instead of the normal four years.

However, after the initial four year period, the owner will bring the vehicle back for a compulsory inspection, where, in consultation with the vehicle inspector, would have the option to either continue with the current finance agreement, or to sell the vehicle back, and to trade the vehicle in for a new or professionally refurbished one. Should the vehicle be deemed not roadworthy by the inspector, he or she would have the authority to enforce the mandatory buy-back of the vehicle.

The second option would be a lease option, much like a cell phone contract. A vehicle would be leased out to the operator on a long-term contract of two to four years, after which the contract will expire. After an inspection and agreement with the inspector, the operator can then either decide to release the same vehicle, or hand it in for a new vehicle.

Proper management

A compulsory finance/recapitalisation scheme such as this would put in place the proper vehicle management and monitoring systems that the government needs to make sure that the new taxi recapitalisation scheme works and turn the taxi recapitalisation scheme into a more sustainable, long-term project, and not just a once-off scheme. This would place taxi financiers and dealers in the perfect position to act as agents for the recapitalisation project to monitor the roadworthiness of taxis and manage their clients’ vehicles.

The taxi industry - don't destroy it, save it!

Vincent Raseroka 11 Mar 2019

Several minibus taxi financiers already have stringent vehicle management systems in place. Financed vehicles are tracked, using telemetrics, very similar to Discovery Insure's system and variables such as driver behaviour, kilometres travelled, and maintenance needs are all tracked electronically. If, for instance, a taxi is stationary for a more than a day or two, call centre operators would know something is wrong and will call the owner to assist with any repairs or maintenance work, should any be necessary.

Tools such as these provide the necessary information and management systems that a programme such as the taxi recapitalisation programme needs to effectively manage the renewal of our country's taxi fleet.

If we are serious about keeping older, unroadworthy vehicles off the road, I believe we need to all play a role, and assist where we can. While the renewed taxi recapitalisation is a great initiative, it will only be marginally successful if it is not supported by the whole industry, authorities, and other road users.

The number of taxis on our roads stands at around 200,000 and is constantly growing – to the benefit of the daily commuter. The taxi recapitalisation's aim is to create a better, safer and more comfortable transport system for all taxi users. It deserves our support. I'm in.

ABOUT THE AUTHOR

Vincent Raseroka is Chairman of Bridge Taxi Finance.