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## CITY OF CAPE TOWN

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### MEDIA RELEASE

## **Modernised minibus-taxi industry to provide feeder services in future MyCiTi route roll-outs**

***The City of Cape Town's Council today, 24 August 2017, adopted the City's Integrated Public Transport Network (IPTN) Business Plan. The plan proposes significant involvement of the minibus-taxi industry in future MyCiTi service roll-outs. It also foresees that innovative information technologies such as e-hailing and mobile applications will enable minibus-taxis to provide demand-responsive services. Read more below:***

The IPTN Business Plan outlines how the City can transform Cape Town's public transport system, while at the same time ensuring the long-term financial and fiscal sustainability of operations.

'As is the case with other metros in South Africa, Cape Town has limited resources to meet a growing demand in service delivery needs. The roll-out of Phase 1 of the MyCiTi service and the extension of the service to Mitchells Plain and Khayelitsha through the N2 Express service have played a key-role in providing communities from remote areas with access to safe, affordable and decent public transport. We are committed to gradually extending the MyCiTi footprint and have prioritised the roll-out of five new MyCiTi corridor routes within the next 15 to 20 years.

'The IPTN Business Plan provides the long-term strategic business model and assesses the conditions under which the City can achieve these goals while ensuring fiscal and financial sustainability. Thus, through careful planning,

adapting to a changing environment, pragmatism and innovation, we can extend the MyCiTi footprint while ensuring sufficient revenue to cover the ongoing operating and maintenance costs.

'The business rationale stems from the lessons that we have learned from the implementation of Phase 1 of the MyCiTi service. It takes into account the current economic climate and how we can take advantage of new emerging technologies to make public transport in Cape Town more efficient. We intend to do this by reducing costs and congestion, increasing the shift from private to public transport to support operators, and by improving the convenience and safety of public transport,' said the City's Mayoral Committee Member for Transport and Urban Development, Councillor Brett Herron.

Apart from passenger rail, the MyCiTi service, and a contracted quality bus service, the business plan identifies the minibus-taxi industry as pivotal in establishing a fully integrated public transport system in Cape Town.

'In fact, we foresee that by formalising and modernising the minibus-taxi industry, the operators will become our partners in transforming the method and ease of commuting in Cape Town. As such, the IPTN Business Plan states that minibus-taxis will provide on-demand services in future MyCiTi service roll-outs and transport commuters to stations and stops from where commuters can transfer to a MyCiTi trunk route which operates on dedicated right-of-way red roads,' said Councillor Herron.

Thus, the infrastructure and MyCiTi system will be designed to facilitate transfers between minibus-taxis and MyCiTi services.

'The reason for this major shift is that we have learned that removing minibus-taxis along routes where the MyCiTi service is operating, such as in Phase 1, is financially unsustainable in the long-term,' said Councillor Herron.

This is partly due to Cape Town's spatial form which is characterised by low densities and urban sprawl, and the expected decline in grants from the National Government given the low-growth economic outlook.

'It also makes sense to rather use minibus-taxis to provide feeder services as they are more flexible and can easily adapt to changes in commuter demand. The objective of what we call the hybrid-model is to use the strengths of the minibus-taxi industry to deliver an improved MyCiTi service and at a cost that is affordable to the City and commuters,' said Councillor Herron.

Importantly, the IPTN Business Plan takes into account the impact of emerging new generation services which are revolutionising public transport across the world.

Mobile phones offer a new way of matching the supply of public transport to commuter demand. It is also convenient for commuters to use their mobile phones to see what service is offered in real time and how to plan their journeys. Mobile phones can be used as a payment mechanism, and can be used to rate a service.

Once all public transport vehicles are tracked in real time in a single system, mobile device applications can be developed to enable a user to see a route, mode and price options in real time, including details of transfers between modes and total trip time options. It also allows users to track, in real time, the vehicle they need to catch so that they can get to the required station or stop in time.

'We have therefore included in the IPTN Business Plan the cost of operating mobile phone applications which can link passengers with service providers, inform passengers of transfer options to BRT or rail services, and facilitate transfers to the MyCiTi and rail services.

'Going forward, the City will also investigate how innovative information technologies can assist us in creating a convenient, secure, and cost-effective fare system that facilitates integration across all of the modes, including parts of the minibus-taxi industry. In this sense, it is not far-fetched to imagine that Capetonians could be using their mobile phones to pay for a ride on the MyCiTi service, Metrorail, a minibus-taxi or other bus services in future,' said Councillor Herron.

Importantly, minibus-taxi operators can benefit greatly from emerging new generation services.

'The new generation services provide the minibus-taxi industry with a great opportunity to expand their businesses, while also reducing their operating costs. For example, by modernising operations, the industry can take advantage of e-hailing technologies to link them with passengers. Currently taxis wait for passengers at ranks, or stop when seeing passengers hailing services on the side of the road – this limits drivers to fixed routes and timetables. Thus, the mobile phone offers a new and easy way of expressing demand remotely to which the minibus-taxi driver can respond, making the service more convenient for passengers as well,' said Councillor Herron.

Through e-hailing, minibus-taxi operators will benefit from lower costs, less congestion, and increased passenger numbers. Commuters will also benefit as it will make it a lot easier to catch a minibus-taxi.

Matching supply and demand brings huge cost savings for operators as it reduces traveling distances and links them to a broader pool of commuters. It will also increase passenger demand over time: the more convenient, easy and affordable the system, the more commuters will opt for public transport as opposed to private vehicles.

The IPTN Business Plan outlines the City's intention to develop a new generation of public transport services by capitalising on emerging e-hailing and other technologies over time. This way the City can improve the integration between all scheduled public transport services such as the MyCiTi service, rail, other quality bus services, and minibus-taxis, and create demand-responsive services.

'We will also encourage the minibus-taxi industry to form transport operating companies to achieve economies of scale, operational efficiencies, and to possibly provide contracted services to the City. Those operators who will be directly affected and replaced by the proposed MyCiTi trunk routes will be encouraged to form operating companies that will operate the scheduled MyCiTi services along these routes – similar to the formation of the vehicle operating companies who are currently providing the services for Phase 1,' said Councillor Herron.

The City will support technology development to offer a wide range of support services to help with transforming and modernising the industry, including business support and training and skills development for the adoption of new technologies.

'It is possible to achieve our goal of one integrated public transport network if we plan ahead and apply sound business principles. We can revolutionise transport in Cape Town by taking advantage of new information technologies which will drive down the costs as it will help us to be more efficient in how we operate public transport services.

'I am also excited about the possibilities that the new technologies offer our partners in the minibus-taxi industry. The hybrid approach we will follow with the roll-out of Phase 2A of the MyCiTi service and the technology-enabled operational and business models will enable operators to better serve commuters and to expand their share of the public transport market.

'This industry has been thriving for decades because of its entrepreneurial spirit and ability to adapt to change. We are committed to working with the minibus-

taxi industry to find solutions that will enable operators to make use of the technological advances as soon as possible,' said Councillor Herron.

The IPTN Business Plan is aligned with and builds on the City's strategy to use public transport to achieve a more compact and sustainable city.

'During the past two years we have put in place the policies needed to pursue and implement transit-oriented development (TOD) along all public transport corridors. The City's Organisational Development and Transformation Plan also underpins TOD as the new order of business which must assist us to transform Cape Town's spatial reality and build inclusive communities,' said Councillor Herron.

Pursuing TOD is pivotal in bringing down the cost of public transport for commuters, operators, and the City.

'TOD is of utmost importance as demand for public transport is affected by how land is used. Going forward, we will pursue changes in land use and higher densities in support of the transport system. The right development must happen in the right places with a mix of land uses and densification to stimulate economic activity along the transport corridors. In so doing, we will begin to ensure that our MyCiTi buses have passengers in both directions, not only towards the CBD in the morning peak or coming from the CBD in the afternoon peak, but in both directions – irrespective of the peak-hour period, and with passengers getting on and off along the way as new mixed-developments create new job opportunities along the transport corridors,' said Councillor Herron.

**End**

**Note to broadcasters:** audio clips are available for download

For English: <https://soundcloud.com/ct-media/iptnbusinessplan-eng/s-EO2Fo>

For Afrikaans: <https://soundcloud.com/ct-media/iptnbusinessplan-afr/s-vKTI9>

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