

# Bus Boycotts, Monopolies and the State

Transport is an area of crucial concern for the African working class. The Alexandra bus boycott earlier this year showed the nature of conflict between working class commuters and the transport monopolies. Events around the boycott also demonstrated the links between state and capital in an evolving transport policy. JOHN PERLMAN examines the Alexandra bus boycott, and analyses changing transport policy in South Africa.

On 16 January this year, the vast majority of Alexandra township's 36 000 bus commuters refused to board PUTCO buses. This three-week long boycott provides a good example of how police, traffic officers, security policemen and the bus company combine together and use a wide range of methods to break a boycott and force commuters back to the buses. The boycott also highlights important features of the African bus transport system - monopoly control over bus transport; increased fares in spite of the rising cost of living for commuters and rising profits for bus companies; protection of bus company interests and stifling of commuter opposition.

Bus transport serves the interests of the state, bus companies and employers in particular ways. This 'alliance' of interests is not a straightforward one as their interests do not coincide in every respect. Steps which each party take produce both the desired results and give rise to other forces which contradict their aims. African commuters have struggled against this situation. Consequently the government set up the Welgemoed Commission to look into some of the strains and tensions in the bus transport system. The Commission will affect bus transport for African

commuters - who provides the transport, who pays for it and what spaces are left for people to press demands for affordable efficient transport.

The boycott was sparked off by a 12,5% increase in fares on the Witwatersrand. In August last year, PUTCO announced that a reduction in the price of diesel fuel of 3,1 c per litre would save the company R2,6-m a year. This saving would be passed onto the commuters. Shortly thereafter, PUTCO's application for a 12,5% increase in fares was approved. PUTCO public relations officer Pat Rogers said the company would honour its earlier promise. It would however have to go through the same procedures to decrease the fares as it had to increase them.

Although the fare increases were approved in August 1983, they were only introduced in January 1984. Members of the Alexandra Commuters' Committee (ACC), set up to co-ordinate the boycott, criticised the timing of the fare increases. They said January was an especially difficult time because most people had been 'cleaned out' by the holiday season. Children had just returned to school and parents were faced with expenses for fees, books and clothing. The ACC contacted a PUTCO representative before the boycott started and asked for a postponement of the increase. In a statement to the press, Pat Rogers said PUTCO had no way of being sure when the new fares would be introduced. The timing of fare increases is referred to an interdepartmental committee. The police, security police, Department of Co-operation and Development (CAD) and town councils are consulted as to whether boycotts or other protests would be likely. A senior PUTCO official said the timing of fare increases was a 'politically sensitive issue': 'For instance, June 16 ... would be a very bad day to increase bus fares.' An ACC spokesperson felt the timing of the increases had worked against them. The



holiday break made it difficult to hold meetings and organise commuters in opposition to the increase.

### ALEXANDRA COMMUTERS' COMMITTEE AND THE BOYCOTT

The ACC began as an ad-hoc committee, consisting largely of people from existing organisations in Alexandra such as the Congress of South African Students (COSAS); Alexandra Youth Congress (AYCO) and the newly formed Alexandra Civic Association. This committee decided something should be done about the fare increases and called a meeting for Thursday, 12 January. Pamphlets were issued calling people to a second meeting on the Saturday, where the ACC was formed and a decision taken to boycott buses from the beginning of the week. The following day a van with a loudhailer travelled through the township calling for support for the boycott. Messages were also sent to ministers to read out in church.

The first day of the boycott was undoubtedly a success. Buses leaving Alexandra in the morning were empty. Some people walked to work while others battled for places in taxis or private cars. Large numbers of people were reported to be stranded without transport. A PUTCO statement said Alexandra passenger loads were 'only a fraction of the normal carry'. This they claimed indicated 'successful intimidation rather than a successful boycott'. A commuter had a different view: 'The bus fare increases have been so large that we cannot afford them. PUTCO must think when it implements increases: we are not people who earn fantastic wages. How are we going to afford rent and food when such a large amount of our wages goes on travelling expenses?' (Star, 16.01.84). Hundreds of commuters used the buses to return home but disembarked at the Wynberg terminus on the edge of the township. A strong contingent of police, some in camouflage uniforms, was present. Some buses which entered the township in the evening were stoned and nine were damaged.

On the second day of the boycott PUTCO claimed 30% of the commuters were back on the buses. A press report said the number of passengers was 'a little higher' than the day before. Buses were withdrawn from the main terminus inside the township in the early morning. During the afternoon police escorted buses into Alexandra.

On day three, the Star said the boycott was easing off but members of the ACC felt it was still 60% effective. Buses again operated from the main terminus in 15th Avenue, while uniform and plain-clothes police stood by. On return journeys, few passengers journeyed all the way into the township. Commenting on the police escorting and dispatching buses, an ACC spokesperson said it 'was an act of provocation' because police were 'interfering in a situation which does not concern them. We would like to come to terms with PUTCO and not with the SAP'. PUTCO acknowledged there had been a marked passenger fall-off during the first two days. A PUTCO official said buses were withdrawn from Alexandra after 7 pm as several had been stoned.

On the fourth day of the boycott reports said peak hour buses were leaving the township near-empty and collecting only partial loads on the outskirts. Police kept a watch on the main 15th Avenue terminus, where bus shelters stood empty and commuters stood a short distance away waiting for taxis. Some residents boarded buses at Wynberg.

At the end of the first week PUTCO said revenue figures indicated passenger carrying was 'nearly back to normal - about 10% down on the usual figure.' A newspaper report however said few peak hour buses left the township fully loaded. Nonetheless the ACC called for a meeting on the weekend in view of the police presence and a 'weakening of the boycott because of police interference and harassment'. They did however insist that the boycott was still on and had the support of commuters. Pat Rogers said: 'A boycott means a spontaneous resistance and what we have had here was intimidation to our passengers. This intimidation now appears to be over and our buses are running normally ...'.

If Rogers thought it was all over someone else didn't because early in the morning on 23 January, the seventh day of the boycott, five members of the ACC were taken from their homes by plain-clothes policemen. They were ACC chairperson Mike Beea, vice-chair Mack Lekota, AYCO publicity secretary Naomi River, ACC organiser Obed Bapela and Patrick Banda. Police also raided the home of Rev AP Moleleki, a Methodist minister in whose church the weekend meeting had been held. They confiscated a typewriter and a duplicating machine, saying they had been used to print the bus boycott pamphlets.



Reports said the boycott picked up again after the weekend. Commuters at the meeting had voted unanimously to continue with the boycott. Press reports said buses left the 15th Avenue terminus virtually empty, but picked up some passengers at Wynberg. That night a bus was firebombed while travelling in the township and four passengers were admitted to hospital.

Further detentions followed those on Monday. Reverend Moleki, Constance Hlatshwayo, AYCO secretary Vusi Vilakazi and Robert Mhlambi were detained on 26 January. There had also been detentions during the first week. On the first day of the boycott seven people including two press photographers were arrested and later released. The following day the president, secretary and treasurer of AYCO, Paul Mashatile, Jacob Mtshali and Nesto Kgope were all detained. Most detainees were released after a few days, but nine were charged under the Intimidation Act and released on bail of R500 each.

An ACC spokesperson said the boycott was still 50% effective at the end of the second week. PUTCO said the situation was 'back to normal'. Once again, the actions of the state raised doubts about PUTCO's claims. On Tuesday, 31 January, the Johannesburg Traffic Department, the Road Transportation Inspectorate and the SA Police set up roadblocks at all entrances into Alexandra. At the end of the day, 44 of the 56 registered taxis in Alexandra had been forced off the road and their drivers jailed. Drivers were given tickets for various 'offences'. One driver was given 32 tickets. These offences included not having an emergency exit window, not carrying a fire extinguisher, rear view mirrors which were 'too small', overloading and using the 'wrong routes'. Hundreds of commuters were stranded. One woman said: 'We are really left stranded. They have taken the taxis away, and now they tell us to go to the buses'. This assault extended beyond





registered taxis and included private vehicles.

The blitz continued the following day. A spokesperson for the Sandton Traffic Department said the Johannesburg Transportation Board had asked them and the SAP to assist in checking illegal taxis. 'Our roadblocks had nothing to do with the bus boycott', he said. A spokesperson for the board said: 'It is part of the Board's and the Traffic Department's duties to ensure that all taxis operating throughout the country are legal.' Petrus Monamela, chairperson of the Alexandra Taxi Association (ATA), said some of the offences under which taxi owners had been fined were ridiculous as they only applied to buses and minibuses. These included fines for not having a 'standing passenger handle', and for having mirrors which were too small to see all the passengers in the taxi. An ACC spokesperson said residents were continuing with the boycott 'although they are being forced out of the taxis by police and traffic officers and ordered to catch buses'.

Claims that the roadblocks had nothing to do with the boycott are difficult to believe. This strategy of interfering alternative transport has been a feature of all bus boycotts. During the 1957 Alexandra bus boycott 500 people were arrested for breaching minor traffic regulations. In 1983, a spokesperson for the Transport Department described how a massive vehicle check-up by the Pietermaritzburg City Traffic Department helped break a bus boycott in Sobantu: 'Many kombi operators were charged for operating faulty vehicles while others had their kombis taken off the road. This might have caused a decrease in the number of kombis running in Sobantu and commuters seemingly chose to rise on buses rather than walk...'

#### ALTERNATIVE FORMS OF TRANSPORT

Access to transport other than the buses of the company being boycotted is a crucial factor in a boycott. The state clearly recognises this. The availability of trains for at least part of the journey to work was a big factor in the success of the recent boycott in the Ciskei. Boycotters of PUTCO in Durban were able to make use of close on 200 small bus companies in the area. In Alexandra, PUTCO has a complete monopoly of bus transport,

and there is no railway line to the township. The options available to boycotting commuters were taxis or walking. Workers from Alexandra are more spread out now than they were in 1957, when boycotters walked long distances to work for days on end. Workers are now employed not only in Johannesburg but in Germiston, Benoni and elsewhere on the reef. Johannesburg itself has grown and many domestic workers travel long distances to work.

The ACC put a lot of energy into overcoming the problem of alternative transport and ensuring commuters made it to work. A meeting was held with the ATA. An ACC member said: 'The taxi people should help us in this boycott as PUTCO is not only after commuters. Their existence is also threatened, what with the looming introduction of midi buses. They will be calling on us to support them ...' (Sowetan, 17.01.84). The ATA agreed to reduce fares from R1 to 70 cents. There was some confusion initially when some drivers charged the old fare, but this was nevertheless an extremely important gesture of support. Mr Monamela said: 'We find it hard to avoid (this kind of gesture because we are part and parcel of the community' (RDM, 13.01.84). There have been previous instances where taxi drivers have taken advantage of bus boycotts and raised fares.

#### PROBLEMS OF THE BOYCOTT

There were many difficulties involved in organising alternative transport, particularly to distant places such as Randburg. It was almost impossible to co-ordinate return journeys. Nevertheless owners of private vehicles were asked to transport commuters and extra taxis were brought in from Soweto to help out. Much of the success of this aspect of the boycott depended on the efforts of ACC members. The detentions during the second week undermined this.

In addition to these specific repressive steps, there was also a more generalised form of intimidation during the boycott. There was a strong police presence in the township from the start. Police constantly ordered people to move away from the entrance of the Wynberg terminus. Press photographers were told not to take pictures. Several people were reported to have been injured during a police baton charge on the first day. Boysie Sebothe



(29) was allegedly shot and injured, although police would not confirm this. On 31 January a group of commuters went to the offices of the Alexandra Town Council (ATC) and claimed police had forced them out of taxis and ordered them to use buses. A Council spokesperson said the matter would be investigated. The fact that commuters went to the ATC at all indicates the disorganising effect which the detentions of ACC leadership had on the boycott. ATC head Sam Buti said the boycott was not their affair as they had not been invited to participate. The large-scale police presence at the bus ranks made it difficult for organisers to approach commuters openly. Commuters caught up in the blitz on taxis during the third week told reporters police had demanded their reference books and taken their names and addresses. They also claimed police told them they could 'expect visits' at any time.

The ACC's work was made more difficult by the problems they faced getting venues for meetings. Earlier, in December, a meeting to launch the Alexandra Civic Association had to be cancelled after the venue was withdrawn. The person in charge said he had been pressurised to do so by the ATC and by the church council. The questioning and subsequent detention of Rev Moleleki in whose church the first ACC meetings were held has already been mentioned. Police asked him why he allowed meetings to be held in his church. A midweek meeting during the third week of the boycott had to be called off for lack of a venue. An ACC member pointed out that for maximum effectiveness they needed a number of venues. The Methodist church was too far away for some commuters to attend meetings. Regular open-air meetings were crucial to the success of the 1957 boycott, as were the informal 'meetings' held on the trains between Mdantsane and East London. Both provided a means of informing commuters of developments and for gauging opinions and support.

The ACC officially called the boycott off at the end of the third week, at a weekend meeting. They said commuters were finding it difficult to get to work and were afraid of losing their jobs. The ACC was not intending to fold up at this stage. A petition was launched to show that Alexandra residents were opposed to the fare increases, and to present certain demands to PUTCO. The grievances listed in the petition included high fares, bumpy roads, untidy buses and lack of toilet

facilities at the Wynberg rank.

A month later, the ACC warned that another boycott would be called if PUTCO did not improve conditions. They said nothing had changed since the boycott, and if anything conditions had got worse. The prosecution of nine people under the Intimidation Act - Beea, Lekota, Mashatile, Kgopa, Emmanuel Maake, Solomon Motsepe, Daniel Shilambe and two 17 year-olds has interfered with the ACC's ongoing activities. They were forced to raise large amounts of bail money and the accused were unable to address public meetings until after the trial.

PUTCO never disassociated itself from any actions taken by the police or by the Road Transportation Board. Allegations were made that PUTCO officials were present at the roadblocks, taking down the numbers of taxis. It refused to negotiate with the ACC during the boycott. The only approach the company made was to send a PRO to the ad hoc committee before the boycott started. The PRO said she was sent to explain certain things the committee was not informed about, such as the fact that PUTCO was running at a loss and couldn't afford to take advantage of the drop in the petrol price. Apart from that, PUTCO's only response was constant allegations of intimidation, in spite of the ACC's insistence that their methods were peaceful. Once the boycott was off, Rogers said the company was prepared to meet any committee representing residents on transport matters. He said some of their grievances concerned local authorities however and were 'outside PUTCO's scope'.

#### **FARES AND PROFITS**

The Alexandra bus boycott and the state's response to it raises a number of questions about bus transport for Africans. Why are bus fare increases granted when commuters cannot afford them? How and why is control of bus transport concentrated in the hands of a few companies? Why do the state and the bus companies go to such lengths to stop bus boycotts?

A bus company wishing to increase its fares applies to either the National Transport Commission (NTC) which regulates the entire transport industry or to one of the Local Road Transportation Boards (LRTB) which fall under it. The company has to support its application by submitting details of its current and expected running costs. This application is



published in the government gazette and objections to the increase have to be lodged within 21 days. A public hearing is then held.

In considering a bus company's application for increased revenue, the NTC has first to determine what an economic fare would be, i.e., what it would cost the company to provide that service. This is based on the operating costs of the company, and allows for depreciation or replacement of buses, and for a 'a reasonable profit percentage'. According to the Welgemoed Commission, 'allowance is made for a profit margin of up to 20% on revalued capital before interest and after tax, that is to say on what it would cost to replace the bus concerned. Owing to the present inflation rate historical capital is no longer used in the calculation of a profit margin ...' Thus the NTC makes generous allowance for the problems bus companies face with inflation.

The 'right' of bus companies like PUTCO to make profits is clearly an important component of increased bus fares. It is therefore important to look at the extent of these profits, particularly in the light of public statements which the companies make. PUTCO explained their application for the 12,5% increase by saying that earnings return on capital employed had fallen steadily from 11,46% in 1980 to 7,3% in 1981 to 6,7% in 1982. Moreover the company was expecting a loss for the first six months of the next financial year. The reasons for this were a 12,39% increase in operating costs since June 1982 and a

steady decline in the number of passengers carried per bus. Another PUTCO statement claimed that in the 1980/81 financial year the company made a profit of R5,5-m. This required an investment of R126-m and therefore returns were less than 5%.

Yet the same statement gave a clue to understanding PUTCO's seemingly difficult financial position: 'This does not mean that PUTCO is doing badly and that its shares are not a good buy, for profits are not the only way of measuring success. Because nearly all PUTCO's profits are put back into the company every year to pay for expansion, the value of what it owns is steadily increasing' (PUTCO News April 1982). The net worth of PUTCO has grown enormously in recent years. Thus between 1980 and 1983 the net worth of PUTCO has shown 35% compounded growth annually - R46 209 000 to R113 713 000.

Large amounts have been invested in depots, buses and maintenance facilities. Thus the profit percentages given by PUTCO are misleading. Further confusion is created by the kind of accounting which PUTCO uses, called inflation accounting. This involves setting aside money for the replacement of buses each year, at values which take into account the rising cost of the assets. This sounds reasonable and sensible, but the difference is that these replacement reserves are charged against current income. A comparison of this procedure with more conventional accounting procedures makes this clearer:

	PUTCO	OTHER
Net income for the year	1 000 000	1 000 000
Additional depreciation	500 000	-
Disclosed net income for the year	<u>500 000</u>	<u>1 000 000</u>
Tax charge	400 000	400 000
Income available for distribution to shareholders	<u>100 000</u>	<u>600 000</u>



With this hypothetical example, PUTCO's disclosed net income looks smaller but the net wealth of the company is not affected. This practice is made easier by the dominant position that one family, the Carleo's hold as PUTCO's majority shareholders. In the year to June 1983 therefore, PUTCO's profits were R7 315 000 without the replacement reserve transfer, but R12 389 000 when this was added in.

The enormous growth of PUTCO and other bus companies has given them further opportunities to understate their profits. PUTCO has set up a number of subsidiary companies which service the bus transport operations. These include Crown Body and Coach which repairs bus bodies, Africa Body and Coach which supplies buses, and Carleo Head and Associates which provides insurance. Thus some of PUTCO's increased running costs are paid to other branches of the same company. PUTCO is itself a subsidiary of a large holding group, Carleo Investments. This corporation also owns Rapid and General Services which provide fuel and workshop space and Carleo Diesel Services which owns the property used by PUTCO's southern division. Increased costs in these areas could effectively result in a transfer of profit between different sections of the same corporation. The net worth of Carleo Investments at June 1983 was R121 052 000 and the income for that financial year was R12 389 000.

The state is not deceived by these manoeuvres into thinking that bus company profits are as low as they claim. This is indicated in the Welgemoed Commission which said: 'It is necessary that bus services whose passengers are subsidised operate... complementary activities in such a way that they do not lead to a distortion of costs or to a questionable flow of funds between companies'. PUTCO's public statements are used to justify fare increases to the commuters. The state is prepared to accept that their profit margins are larger. In 1982 an accountant commissioned by PUTCO told an NTC hearing on fare increases that the company was making a 60% profit annually. Profits had increased from R21-m to R47-m over the past four years. In spite of that, PUTCO was given the go-ahead to increase fares.

Once the NTC has decided on a revenue increase for a bus company, the Department of Transport then works out what proportion of this should come from commuters, and what from government subsidies. Amongst other things, the

decision to grant subsidies takes into account the operating costs and efficiency of the bus company, and the ability of commuters to pay the fare. Commuters' ability to pay increased fares is consistently overestimated. Bus fare increases, like increased rentals, are expenses which people have no choice but to pay. People must have housing and transport to work. If the cost of these increase, consumers are forced to cut into the money they spend on food, clothing, health care, education and fuel. The lower income groups in South Africa have been hit hardest by rising costs. In 1983 the Consumer Price Index (CPI) rose by 10,7%: for every month except one the CPI for lower income groups was higher. According to the Afrikaanse Handelsinstituut, the real earnings of Africans actually declined between 1981 and 1982. This pattern looks set to continue in 1984 with a number of crippling price rises on the way: GST from 6-7%; brown bread up by 16,6%; and maize up by 25%, to name a few.

Perhaps the most graphic indication of commuters' inability to pay fare increases has been the large number of bus boycotts, and particularly the extreme hardships which commuters have been willing to undergo. The 1957 Alexandra boycott over a penny increase in fares lasted three months, during which time thousands of African commuters walked to work. In 1979, residents of Ezakheni in Natal refused to pay a KwaZulu Transport Company increase, and walked the 25 km to work in Ladysmith every day for a month. African commuters are not just dissatisfied with bus fares. In every transport struggle - boycotts or fare increase hearings - commuters have articulated a large number of grievances. The buses are often described as overcrowded and dirty. Buses arrive late and workers are forced to spend extra money on taxis or risk arriving late for work. Terminuses are often far from people's homes, leaving them prey to muggers. Amenities such as toilets and bus shelters are hopelessly inadequate. Different transport systems are poorly coordinated. When buses break down, commuters are often not given refunds.

The long distances African commuters are forced to travel to work as a result of state policy are at the heart of African commuter grievances. This is



especially true of bantustan commuter townships such as Mndantsane, KwaMashu and Ezakheni, where distances are even greater and bantustan 'citizenship' is used as a further basis for stripping away rights to work, welfare, and so on. The majority of bus boycotts in recent times have occurred in commuter townships. One press report on the 1972 Mpumalanga bus boycott commented: 'This boycott is something of a disturbing nature. It is a manifestation of deep resentment and chilling in its obstinacy and persistence. It suggests a permanent dissatisfaction in the lives of the residents of Mpumalanga township'.

### STATE SUBSIDIES AND TRANSPORT

The state has provided subsidies which, although paid directly to the bus companies, are aimed at keeping the transport costs of commuters down. Subsidies are drawn from two sources, a transport levy paid by employers, and additional funds voted by parliament.

The state first imposed a transport levy on employers of African workers in 1952. This can be attributed in part to the increased distances which Africans were forced to travel to work as a result of removals under the Group Areas Act, and to considerable resistance to fare increases in the 1940s by commuters in Alexandra. In 1957 the Black Transport Services Act transferred responsibility for African transport subsidies from the Department of Native Affairs to the Department of Transport. In 1972, levies were imposed on employers of Indian and coloured workers. In November 1982 employers' contributions were increased from R1 to R3 a month. Employers of domestic workers who did not provide them with accommodation were also required to contribute R3 per month. The minister of Transport was empowered to increase this amount at notice of 12 months, a move which was strongly criticised by organised industry and commerce. Nonetheless, the most recent figures show that commuters pay 50% of the economic fare, the state 37% and employers 13%.

Subsidies do not however benefit all commuters. African bus transport has been described as a 'service to employers rather than commuters', whose

principle purpose is to get workers to the work-place. This is clearly reflected in the way subsidies are implemented. The subsidy is the difference between the economic fare and what the commuter pays. It is only applied to weekly or monthly tickets (clip-cards). Clip-cards are much cheaper than one-way cash fares. A single fare from Alexandra to the Noord Street terminus in Johannesburg costs 50c, while a six day clip-card (12 trips) costs R3,50. The clip-card has to be used on consecutive days, ie it is only valid for one week. Clearly it will be bought almost exclusively by workers in daily employ, and not by shoppers, people doing piece-jobs, and unemployed workers looking for jobs. There have been many complaints about the clip-card system, and not just from commuters who cannot benefit from them. Workers who fall sick or have days off on public holidays lose out on that day's fare.

PUTCO's response to these complaints shows the interests of the state and employers in granting subsidies: 'There have been some suggestions that weekly workers' tickets should be made "open" so that they can be used on any route and should not become "finished" daily. Now, these tickets are cheaper than cash tickets because they are subsidised - that is, government pays part of the cost. It does this from taxes and from a levy paid by employers to help the working man...The request to "open" the weekly ticket is really a request to subsidise also the non-worker. But this would have to come from the workers' subsidy - and they would then have to pay a higher fare. This would defeat the purpose of the subsidy arranged by the government as trustee for the employer and the taxpayer who has to provide the money' (PUTCO News, April 1982). The state also uses subsidies to serve some of its other interests. A bus company which 'serves an illegal squatter area' is not granted subsidies.

The way bus services are principally directed towards delivering workers to the work-place is also reflected in the running times and the routes which the buses follow. There are very few buses which provide travel for social purposes within the townships. There is no regular and reliable transport service in the evenings and over the weekends: 'We are prisoners in the areas where we



live, released only when it's time to go to work'.

Apart from subsidising fares, the state's other important intervention in African bus transport has been to facilitate monopoly control over the industry. This process began as early as 1930 when the Motor Carrier Transportation Act forced bus owners to operate according to specific criteria. Road Transportation Boards were set up to issue certificates and limit competition. Many African bus companies and taxis were squeezed out of business. At present a small number of bus companies monopolise the industry. These include private companies like PUTCO, Tollgate Holdings and United Transport Holdings; parastatal bodies like the Corporation for Economic Development (CED); and local authorities like the Johannesburg Municipality and the Durban Metropolitan Transportation Board. The Department of Transport claims monopolies are the most efficient and economical way of running public transport.

A new company wishing to run a bus service in a particular area or on certain routes has to submit an application to the LRTB. This is published in the government gazette and objections are called for. A public hearing is then held. The incumbent companies automatically object on the grounds that they are providing an adequate service. Their objections are always upheld.

The state does a great deal to protect and further the interests of bus companies. In the 1982 financial year bus companies received 25% of their income in the form of subsidies. In spite of taking full advantage of the opportunities created for them to make profits, however, bus companies deny any responsibility for the actions of the state. Not only do they say the Group Areas and Urban Areas Acts have nothing to do with them, but they also say the provision of shelters and toilets at bus stops is the job of local authorities.

The interests of commuters, by contrast, are given little or no protection. African commuters (and African people) have no representation in the Department of Transport, the municipalities, the board of PUTCO or City Tramways, and indeed in the central government as a whole. Fare increase hearings are the only formal channels

open to African commuters. A wide range of organisations have opposed fare increases at hearings, such as FOSATU, the Natal Indian Congress, the Durban Housing Action Committee, and the Witwatersrand-based Commuters Watchdog Association. A number of supreme court actions have temporarily halted increases on the grounds that PUTCO and the NTC did not follow the correct procedures. These brought only temporary relief.

Commuters have met with little success at the hearings themselves. Extensive documentation of PUTCO's profits and of the inability of commuters to pay the increased fares have invariably failed to impress the NTC or LRTB. There seem to be considerable limits on what the hearings consider to be 'admissible evidence'. In a 1980 hearing, the Legal Resources Centre representing the objectors asked PUTCO to reveal its audited profit and loss accounts to June 1980, the time period relevant to the hearing. PUTCO refused, arguing that the matter before the Board was a 'hearing' and not an 'inquiry'. PUTCO's refusal was upheld. The hearing revealed that the company had increased its profits despite increases in the price of fuel. Objectors can appeal to the NTC against increases granted by the LRTB. In recent years however most hearings have been heard by the NTC which allows for no appeal. This followed a ministerial directive and was an attempt to limit the use of this forum for opposition.

Bus companies have complained that suspension of fare increases by court interdicts costs them 'millions of rands'. In 1980 the state tried to counter this by amending the Road Transportation Act so that increased fares would remain in effect until a final court ruling had been given. An interim interdict could therefore not be used to block a fare increase as it had in the past.

The only other tactic available to dissatisfied commuters is to boycott the bus service. There have been many boycotts in South Africa, particularly since the early 1970s. Most have involved Africans living just within the borders of bantustans but commuting daily to jobs in 'white' areas. Some boycotts have led to reductions in fares and changes in the running of the bus service. The recent bus boycott in the Ciskei led to a partial reduction in



the fare increase, and the bus company - partially owned by the Ciskei government - was put up for sale.

Most boycotts, however, have ended with commuters being forced back to the buses, often after a long and bitter struggle. This has been a result of the inflexible attitude taken by the bus companies, and the repressive actions of the state - clampdowns on taxis, detentions and arrests, and intimidation of commuters by a large-scale police presence.

Boycotts usually severely dent profits of bus companies. The state can however give bus companies special subsidies to help them through boycotts as they did for City Tramways in Cape Town during 1981.

Not only do the bus companies lose out on fares during boycotts, but also on subsidies, as fewer weekly tickets are sold. Nevertheless, they usually hold out for a long time against boycotts. This is not just their decision, but also that of the state. The political significance of boycotts cannot be underestimated. They constitute an open, legal and easily demonstrable response to conditions of life which people find intolerable. In some cases, such as the recent Durban bus boycotts, organisational forms set up during the boycott have persisted and been used to take up other issues and campaigns. The state and the bus companies cannot however give in to this. They cannot allow popular action and organisation to meet with success.

For the state, successful action and organisation by African commuters poses a political threat. For the bus companies, action by African commuters threatens the strong position they have to set fares and control the way transport is provided. Throughout boycotts, they have refused to meet with commuter organisations, usually claiming that they do not exist, and blaming 'intimidators' for the boycott. In the Ciskei, the Committee of Ten which represented the commuters requested a meeting with the Ciskei Transport Company. This was refused, and committee members were eventually detained. Similarly, PUTCO refused to meet with the ACC until the boycott was over.

Boycotts have also caused concern amongst employers as industry and commerce are disrupted. Organisations

like Chambers of Commerce and Industry have invariably tried to intervene in boycotts, and 'mediate' the conflict.

#### THE WELGEMOED COMMISSION REPORTS

The picture drawn shows how the interests of the state, bus companies and employers are compatible in many ways. Bus transport for Africans has been provided in a way which serves these interests as far as possible. In spite of this, the transport industry is facing a number of serious problems. The state is becoming concerned about the rising cost of subsidies. Employers are complaining about increases in the transport levy. Bus companies claim the number of passengers is declining and forcing them out of business. Commuters continue to resist fare increases. Employers, the state and the bus companies are very concerned at what they call the 'politicisation of transport', and at the political and economic costs of bus boycotts. The Welgemoed Commission was set up in 1981 to look into these problems.

Welgemoed recommended streamlining and centralising the government bodies responsible for transport. Co-ordination responsibilities should be centralised with the National Transport Commission which would also have final powers in determining transport planning and policy. The NTC should improve regional co-ordination of transport by forming and directing new Regional Transport Co-ordinating Boards (RTCB) and Metropolitan Transport Advisory Boards. These new transport regions would conform to the regional demarcations set out in the state's current decentralisation policy. They would also be compatible with the second tier of government envisaged in the constitutional proposals.

Welgemoed considered evidence in favour of establishing a national bus transportation corporation, either privately owned or state controlled. The Commission concluded that state ownership in bus transportation undertakings should be eliminated as far as possible. The state should only be involved in the regulation and co-ordination of transport. Some of the objections to a state-controlled bus corporation included:



- \* the transport industry would become even more politicised;
- \* large amounts of money would be needed to buy out existing operators;
- \* there would be a possible decline in the quality of service and a likely rise in costs.

The Commission felt that private ownership of bus companies should be encouraged. Much of the criticism of bus companies as regards profits, ownership and efficiency was 'unjustified and without substance'. This was particularly so when tariff increases were applied for and fares adjusted. Public bus transportation should be declared a strategic industry and the government should do everything in its power to stimulate and expand the industry. Funds should be made available and used in co-operation with bus operators to promote greater use of bus transport. Municipalities should take responsibility for providing and controlling facilities for bus passengers in their own areas. The initial capital costs for these facilities should come wholly or partly from government funds, and subsequent running costs from 'rent' from the bus service. In other words, bus companies would be absolved from providing these facilities, with the financial burden falling on local authorities to some extent, and the rest onto the commuter.

Welgemoed does not propose any encroachments on the huge space given to bus companies to run profitable operations. If anything, the report has tried to extend this space. With regard to the calculation of fare adjustments, the Commission recommended changing the formula from profit rates in relation to historical capital to profit rates in relation to total revalued capital. This would effectively disguise profit margins as seen in the case of PUTCO's use of inflation accounting.

## **ACTION AGAINST TAXIS**

Perhaps the most far-reaching of Welgemoed's attempts to protect the bus companies is the proposed clampdown on the use of kombis and minibuses as taxis. Commuters use minibuses for various reasons. They are much less crowded than buses and offer a quicker trip into town. They are more flexible

than buses in the routes they follow and often drop people off at their homes. This avoids many of the pitfalls of public transport mentioned earlier, even if it does cost the commuter more. There are an estimated 13 000 minibuses operating on the Witwatersrand, carrying between 300 000 and 500 000 passengers a day.

Bus companies claim that minibuses 'cream off' their most profitable peak-hour commuters - ie some of the workers who would otherwise use weekly tickets and thereby earn the bus company a government subsidy - while failing to provide services during less profitable times. According to a PUTCO spokesperson: 'The kombis concerned do not generally pick up individuals but wait until the vehicle is filled. They ply bus stops frequently packing the vehicles to the limit. We are looking here at an abuse of the taxi license. It is difficult to hold our fares to the minimum when the cream is being skimmed off the top by pirate operations'. This loss of passengers, allegedly due to the operations of 'pirate' taxis was one of the reasons PUTCO gave when it applied for the current 12,5% increase. The managing director of PE Tramways said if 'pirate' taxis went unchecked, Port Elizabeth would have no bus service within five years. Once buses were withdrawn, pirate taxis would charge exorbitant fares.

There is a certain irony about the complaints made by the bus companies. Their descriptions of the 'abuses' by taxis are quite a fair description of their own operations. In spite of this massive pirating of their passengers by taxis, buses are still terribly overcrowded. They too are packed to the limit to squeeze the largest possible revenue out of each trip. PUTCO and others could provide more buses to alleviate this. Following a police blitz on taxi drivers in October 1983, PUTCO increased its bus service and 'had no problems' in accommodating the additional passengers. Tramways' fear of a pirate taxi monopoly and the effect of this on fares is also ironic, given the way in which bus company monopoly has helped to force through fare increases and undermine boycotts.

The way bus companies and officials use the term 'pirate' taxi suggests a willing breaking of the law, and



disguises the true situation. Taxi drivers wishing to legalise their position have to go through a lot of red-tape. A certificate of fitness for the vehicle has to be renewed every six months by the city council. Drivers also require a public driving permit and a special taxi drivers licence. The ratio of legal to illegal taxis testifies to the difficulties involved in getting a licence. The Financial Mail estimated that of 82 000 minibus taxis in South Africa, fewer than 20 000 were licensed. Welgemoed estimated that Soweto had 1 870 licensed taxis while between 3 600 and 4 000 were unlicensed. In March last year, the Johannesburg Road Transportation Board decided not to allow further registration of kombis as taxis. Those which were already licensed could continue to operate, but only subject to an annually renewable permit. PUTCO said it welcomed the move and was in fact 'partly responsible' for it.

Welgemoed echoed the bus companies' fears regarding the 'threat to their existence' from pirate taxis. Bus companies had to provide less profitable services whereas taxis could ignore these. 'Because the bus service has less and less opportunity to operate the profitable routes and has to rely more and more on operating the less profitable part of the market, it makes less profit and has to adjust its tariffs with further detrimental effects on its efforts to counter the unfair competition from the bus-type taxis'.

With bus companies being driven into a downward spiral of impoverishment by the 'pirates', Welgemoed recommended certain remedies. Minibuses transporting 10-24 passengers should not be able to obtain permits as taxi vehicles. Presently legalised eight-passenger vehicles (laws were changed in 1977 increasing the legal passenger limit from five to eight) should be phased out over a period of four years. Taxis should be redefined as motor vehicles with a maximum capacity of four passengers plus a driver. A category of public passenger vehicle carrying between five and 25 passengers should also be introduced which would operate in the same way as buses, with fixed routes, and approved tariffs and timetables. Bus companies should be allowed to enter the market for this kind of transportation. There should be

stricter control over the unauthorised activities of taxis, such as picking up passengers at bus stops along bus routes. The extreme nature of these controls was underlined by a recommendation that lift clubs carrying more than four passengers should be registered with the LRTBs.

Bus companies seem delighted with Welgemoed's recommendations. The state also has its own interests in stifling minibus competition. Through the CED, the state owns seven bus companies with 2 492 buses and a fixed investment of R102,3-m. There have been negative responses to this aspect of Welgemoed from business and commercial interests. The FCI, ASSOCOM and even the Chamber of Mines have criticised the move. It has been described as inflationary, contrary to the spirit of free enterprise, and a possible spark for unrest. The large automobile corporations are particularly alarmed. The minibus taxi market provides Toyota, Volkswagen, Sigma and Datsun with a turnover of about R50-m a year. Last year Toyota managing director Colin Adcock said the motor industry had done a lot of planning and stocktaking on the basis of selling a large number of minibuses to taxi owners. Second hand car dealers do an even bigger business in minibuses.

There has recently been speculation that the government may moderate some of Welgemoed's recommendations for taxis. The SA Bus Owners Association (SABOA) and the SA Black Taxi Association (SABTA) made proposals for a compromise. All legal minibuses should be allowed to continue operations and to replace their vehicles with others carrying eight passengers. Future taxi permits should only be issued for vehicles carrying a maximum of four passengers. Illegal operators could either change to sedans or become midibus operators. Presently legal minibuses could also be reclassified as buses, operating on fixed routes with approved fares. These proposals have caused a split in SABTA with many members rejecting the agreement and contesting the status of the executive members who negotiated it.

While Welgemoed's recommendations have yet to be introduced, action against taxis is already underway. In March 1982, the attorney general sent a circular to all law-enforcement agencies asking them to look out for people



continually breaking certain sections of the Road Traffic Ordinance. Serious offenders should no longer be fined but arrested, charged and fingerprinted. In April an enormous crackdown on taxis in Pretoria, Soweto and on the East Rand led to scores of arrests and court appearances. After an October 1983 police blitz on Soweto taxi drivers, 104 people appeared in court. Seventy-nine drivers paid over R20 000 in fines. The conflict escalated when taxi drivers went on strike in protest against this and against the fatal shooting of a taxi driver by police a few days earlier. A PUTCO statement said residents stoned their buses and accused the company of complicity in police action. In Durban drivers also went on strike after 92 taxis were ordered off the road. There were reports of violence between police and drivers, and between police and township residents later on.

Another recent development is the introduction of midibuses in certain urban areas. Welgemoed recommended that bus companies operate these smaller services as they seemed to be profitable. Midibuses have been introduced in Mohlakeng, Sebokeng and Nigel. It was reported that stones were thrown at midibuses in Mohlakeng. The Pietermaritzburg City Council announced its intention to buy two midibuses. PUTCO denied a report that it had bought 500.

#### WELGEMOED AND COMMUTERS

In addition to these recommendations aimed at strengthening the position of bus companies, Welgemoed also made proposals which will affect commuters more directly. The question of subsidies was an important one for the Commission, given that the rising cost of transport to the state had been a matter of concern. The amount paid out in subsidies for bus passenger transport rose from R2,3-m in 1966-7 to R127-m in 1981-2. Of the latter amount, about 85% came from funds voted by parliament and the rest from the employers' levy.

At the same time, a number of government public transport projects have not been implemented due to inadequate funding. According to a former Transport secretary, J Driessen, government had undertaken to spend

R40-m a year on urban public transport, but had spent only R14-m.

Welgemoed felt that, ideally, passengers should pay the entire economic fare themselves. The Commission was opposed to using subsidies to 'redistribute wealth'. Subsidies should only be used for economic purposes. There was justification for subsidising commuters who could not pay their own transport costs, but phasing out subsidies was necessary in the long term.

Welgemoed consequently recommended retaining subsidies for the present time, but subject to certain conditions. Only worker commuters should be subsidised. Employers should pay workers enough to enable them to pay their own transport costs. Subsidisation of worker commuters should be phased out in the long run, in the light of the increased real wages of the commuters and the narrowing of the wage gap. This could be facilitated by a 1982 measure which empowered the minister to increase the levy in specific areas and not

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simply on a nationwide basis as before. As a result, withdrawal of subsidies could hit urban areas hardest, with either commuters paying increased fares or employers greater levies, or both.

Welgemoed also made recommendations regarding procedures for increasing fares. The Commission found that delays in the present procedure for increasing tariffs made it difficult for the Department of Transport and bus operators to follow a sound financial policy. It also resulted in tariffs having to be adjusted by large amounts at a time which aroused 'some degree of resistance' among commuters. Welgemoed recommended introducing tariff increases twice a year on a regional basis, if possible coinciding with railway fare increases.

The Welgemoed Commission was extremely concerned about what it called 'the politicisation of transport'. 'It is an unfortunate fact that in South Africa public transport, particularly public bus transport is highly political'. Bus services depend on a 'fairly sensitive balance between income and expenditure', and therefore it was understandable that they easily became 'targets for malice and political opportunism'. The Commission ascribed much of commuters' opposition to fare increases to a lack of information and understanding. 'The industry has to do with a relatively high potential for possible disruption if the parties are poorly informed or if bus services or authorities fail to liaise with the user of such services on the basis of trust'.

Welgemoed recommended a system be worked out between the RTCB and the bus operator for informing passengers of fare increases. Subsidised tickets should carry details of the economic tariff, the subsidy and what the commuter pays. While suggesting improved communications in this vague way, the Commission also proposed that public hearings on fare increases be discontinued. The hearings 'offered the possibility of creating or encouraging dissatisfaction so as to exploit tariff adjustments for political and other purposes'. Welgemoed contended that 'objectors tend to misuse this process by turning it into a political forum or a forum for general complaints'. This reflects the Commission's concern to prevent political struggle over transport at all levels. It also

reflects their narrow view of transport as having nothing to do with these 'general complaints'. As a substitute for hearings, Welgemoed recommended establishing a mechanism 'for responsible and orderly consultation to be a link between the user and the authorities, to be a forum for reports on possible problems and the elimination of grievances, and to serve the interests of the commuter...'

### THE DEPOLITICISATION OF TRANSPORT?

What are the implications of Welgemoed's recommendations? The bus monopolies are clearly here to stay, if anything stronger than before. Although the state will regulate the transport industry to a certain extent, bus company profits will continue to be a central factor causing fare increases. If proposed restrictions on taxis are implemented, the monopoly position of the companies will be extended further. This will affect commuters in a number of ways. Bus companies will have an added incentive to plough profits into the expansion of their operations. They will continue to ask for increases on the basis of their 'small' cash profits. Commuters will, moreover, have even less choice of transport facilities, and boycotts will be even more vulnerable to the kinds of pressure exerted in Alexandra.

As regards the state's desire to reduce its expenditure on subsidies, it is difficult to predict how the Commission's recommendations could be implemented. Clearly it would like to shake the problem off and make it an issue between workers and employers - 'pay your increased transport costs out of your wage increases, if you can get them'. This will not work so easily, however. Employers are already opposed to the increased levies. At the same time, the state and the bus companies must know that fare increases will bring resistance, with all the economic and political costs discussed earlier. Yet even if it is difficult to predict how the state could reduce subsidies, its intention to do so should be taken seriously. This tendency to reduce the state's financial obligations and dump them onto workers has already manifest itself in other areas such as housing and pensions.



In the light of the potentially explosive consequences of some of Welgemoed's recommendations, it is strange to see the vagueness of the proposals for depoliticising transport. The Commission makes no attempt to approach the root causes of popular dissatisfaction with transport. This would seem to indicate that it is prepared to accept that repression of the kind used in Alexandra is the correct and in effect only way of dealing with the situation

\* This article has made extensive use of a contribution on transport by Jeff McCarthy and Mark Swilling in the forthcoming SOUTH AFRICAN REVIEW TWO, to be published mid-year by SARS and Ravan Press.

Extensive use was also made of a Human Awareness Programme publication, BLACK URBAN PUBLIC ROAD TRANSPORT. AN ASSESSMENT, Johannesburg, 1982.



Alexandra commuters walk to work during the bus boycott