

Chapter 5: Inner-city Bus Termini as Potential Revenue-generating Source for the City of Harare

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5.1 CHAPTER SUMMARY

This chapter discusses bus termini as potential 'gold mines' for local authorities in Zimbabwe. It seeks to advance the argument that considerable revenue is leaking because of the ineffectiveness of local authorities in administering the activities carried on at bus termini. The major gap in literature that this chapter seeks to fill relates to potential earnings that are being pocketed by rank marshals and touts. Bus termini in the Harare City Council (HCC) central business district (CBD), in recent times, have not been on the city's revenue-generating assets portfolio. Currently, it is getting its revenues from advertising and building in the form of rates and rent, yet bus termini exhibit an unexplored revenue base. The chapter can, therefore, be used as a tool that informs the urban manager (HCC) on potential revenue that is not being harnessed. It can also be the reference point to strategy-making in the city council when making decisions on expenditure on redevelopment of transport communication infrastructure. To understand the realities on the ground, interviews with urban managers were held and observations were noted at bus termini. These instruments then represented data collections

tools. Results showed that, indeed, revenue is being lost. This was proved mainly by the existence of touts and rank marshals, estimated to be at least 1 250 in the Harare CBD alone, collecting revenue from bus operators. This could be attributed to inefficient systems implemented by urban managers at bus termini as observed. It is, therefore, recommended that the local authority of Harare should now start to redevelop and construct new bus termini and commence billing bus operators each time they use the bus termini. HCC should also now regulate the number of bus operators in the city.

5.2 INTRODUCTION

Urban transport facilities in cities and towns are managed by local authorities of the respective cities in Zimbabwe. Major roads are administered and managed by the Zimbabwe National Roads Administration (ZINARA). ZINARA also collects revenue from motorists from the licensing fees they charge. In Harare, the council is responsible for the construction, management, erection and maintenance of roads, signals, signage, alleys, pedestrian walkways and bus termini. These urban transport facilities are important for the smooth flow of traffic in an urban area. Funding for these facilities should be availed by every taxpayer through contributions done at the local authority. Further, ZINARA should fund local authorities to provide these services in the roads under their jurisdiction. To sustain themselves, these facilities somehow must be revenue-generating. Therefore, collection points are availed at bus

termini and in other countries through urban toll gates. Failure to collect revenue at Harare's bus termini has motivated the researchers to conduct this study to investigate the impacts urban transport facility's informality has caused.

Bus termini in the Harare CBD look dilapidated, unmaintained and dirty. Generally, this has led to an increase in informal passenger pick-up and drop-off points. One might attribute this to lack of adequate funding and maintenance programme by the HCC. Bus termini, on their own, are a potential 'gold mine' for the council, if managed properly. However, in the CBD, little attention seems to have been directed towards harnessing income from these bus termini. The study, therefore, seeks to inform urban managers about benefits that could be realised in monetary terms if attention is directed at regulating the transport function department of the city.

5.3 BACKGROUND TO THE STUDY

Informality is back on the international development and urban planning and real estate agenda (Roy, 2005). De Soto (2000) labels informality a "heroic entrepreneurship" to denote the associated confidence art that some of the players in it engage. The Harare City Council housed 2 123 132 people as at December 2015 (ZimStat, 2015). This unsustainable number has led to increased pressure on many systems, transport being of interest to this study. Because of the pressure, reactive measures introduced by the authorities were to create more

bus termini and change flow direction of many road networks. The introduced measures improved the systems, but one might argue that there is potential for further improvement in the way public transportation is administered by the urban manager institution. The local authority is copiously responsible for managing traffic system, the traffic flow, road maintenance, terminus maintenance amongst other things.

In the budget Harare City Council for 2016, the Chairperson, Finance and Development Committee noted that engagements with ZINARA in a bid to unlock roads maintenance funds were on-going. It was reported that to date, council was in receipt of approximately US\$600 000 from ZINARA and it was their hope that more funds were going to come their way because the HCC were struggling to give a semblance of repair and maintenance to the approximately 5 000-kilometre road network (Harare Budget Speech Proposal, 2016).. Lately, informality in the transportation systems has caused a series of problems in the flow of traffic in the CBD. Some unemployed youth have capitalised on the challenge and seen it as an opportunity to make easy money. This has motivated this study to investigate ways and means of reducing loss of revenue in recent times, observed at terminal. This study also seeks to estimate total revenue lost through leakages at these. The chapter further suggests that other institutions assist the HCC to control traffic and its offences, for example illegal pick-up and drop-off points. The chapter also assesses the behaviour of touts and rank

marshals and their justification to demand money from operators. Overall, the entire study establishes existing limits and constraints, for example, political and economic factors that are causing commuter operators to use informal termini where they pay touts to pick up passengers and to get responses from governing institutions, that is, the police and the HCC on how they have tried to deal with the informality and the challenges they encountered in the process, will be tried to be established from the study.

The whole idea is to initiate the creation of a system that will ensure efficiency and efficacy in service delivery. Unless this study is done, the regulating institution will continue to lose revenue to touts and rank marshals. The study also seeks to inform the urban management and real estate agenda about potential revenue that can be received by the HCC from the termini. The revenue lost may be used to fund maintenance, repair and refurbishment of transport infrastructure at termini in the CBD. This study will also recommend other useful strategies to address the challenge. Having noted the existing challenges at bus termini, the study can also advise urban managers to develop systems that work towards improving the current situation.

5.4 LITERATURE AND THEORY REVIEW

Urbanisation in many developing countries cities has led to growth, both geographically and demographically. As a result,

the growth has caused an increase in pressure on basic services and public transport systems used in cities (Mbara, Dumba and Mukwashi, 2014). On one hand, the population in cities is being industrious and, as a result, they are importing cheap used Japanese cars. This has led to traffic congestion in the CBD. On the other hand, Joewono and Kubota (2005) noted that many people in cities of developing countries cannot afford to own cars. Generally, it can be agreed that, with the increase in technology that has seen vehicles being manufactured at the lowest possible costs, dumping vehicles in the Sub-Saharan Africa region. The result is an increase in both private vehicles and public minibuses, popularly known as *kombis*.

Harare, the capital city of Zimbabwe, had at one time a population of about of 2.1 million people, translating to 16.2% of the country's population (Zimbabwe National Statistics Agency, 2012). The urban managers need to be reactive to the transport informality problem being experienced in the city. Informality is back on the international development and urban planning agenda (Roy, 2005). The existence of touts "who are harnessing money from commuters for directing citizens who know their destinations" should be addressed in Harare. Roy (*ibid.*) states that the relationship between informality and planners is complicated. On one hand, informal spaces have been perceived as unplannable and, on the other, there have been attempts to improve and integrate such spaces (*ibid.*). The reason commuter omnibuses are picking and dropping

passengers at informal points and paying touts for doing so, clearly shows that the urban manager has failed to execute some of his/her duties, hence the barbaric behaviour amongst operators has increased drastically.

Generally, assuming that government agencies were able to provide adequate public transport, it would be expected that the current informalities being experienced in the transport industry would not be noted. However, the existence of the informality shows that government is failing to provide adequate transport, leading to emergence of an 'informal public transport' system that is trying to supplement the actions by government agencies (Golub, 2003). Therefore, since local authorities are the recognised institutions that should correct the situation, much input is expected from them, firstly by providing facilities that support a clear flow of public transport.

While it is widely agreed that there is a high unemployment rate in the country, it cannot be justified that collecting revenue from omnibus operators for picking up passengers at unregularised termini popularly referred to as *mushika-shika* or *pahasha* can be regarded as a good way of being industrious and creating self-employment. The revenue that touts are pocketing at these termini is supposed to be collected by the city council. Therefore, the latter institution has lost millions of dollars to the rank marshals and touts. The revenue lost could

have been used for community development activities that increase service delivery by the local authority.

One might say formal termini are too costly for commuter operators since council reportedly heavily fines any member commuter for an offense committed. Activities of the police on the roads is also drives commuters to resort to informal termini because the police have been widely accused of soliciting bribes or fining all operators unreasonable amounts. The operators then argue that to break even after the expensive fuel, police bribes and fines, they end up resorting to un-regularised bus termini. Police damaging operators' vehicles and high-speed chases between the police and operators has also led to pedestrians being killed in the city. De Soto (2000), in his bestselling book, *The Mystery of Capital*, presents an image of informality as "heroic entrepreneurship". With the ear of many of the Third World's political leaders, he continues a theme that he sounded in his first book, that the "informal economy is the people's spontaneous and creative response to the state's incapacity to satisfy the basic needs of the impoverished masses". This incapacity is even shown by the police, urban managers and council workers when they are sustaining corruption and boarding *kombis* themselves at these undesignated places.

If these collections could be put in an Annual Sinking Fund, they could be used to fund the development of world-class bus

termini, accommodating a larger number of vehicles and citizens in the CBD. In Harare CBD, at the of corner Rotten Row Avenue and Coventry Road, parking bays for *kombis* were built by the city council to reduce congestion in the CBD. However, not all registered commuter omnibuses used the buys, arguing that they can spend up to two hours waiting to be called to come and pick up passengers.

The informal transport, more than the formal sector, relies heavily on traditional knowledge and resources, family labour and ownership, small-scale operations and labour-intensive techniques, and offers low barriers to entry for potential participants (Rakowski 1994) as referenced in Mbara, Dumba and Mukwashi (2014). In Harare, public transport is significantly composed of these. To survive competition, these players are picking passengers at undesignated places. Touts and rank marshals then capitalise on that and ask operators to pay for services. That revenue is supposed to be realised by the city council.

5.5 METHODOLOGY

This study employed observations as an important tool to collect data pertaining to activities of *hwindis* and touts. An interview guide was prepared and administered to major stakeholders in the transport management systems. A guide was administered to the planning officer at Harare City Council. To estimate actual revenue that is lost from activities of rank marshals and touts was a challenge, so the study observed and

tracked movement of combis to ascertain the average trips they travel a day and multiply with the amount they pay per trip. Several touts were also interviewed so that the researchers could verify the actual costs of their services that are transferred to bus operators.

5.6 RESULTS

The researchers carried out excessive investigations in the Harare CBD and made educated guesses after careful considerations and interviews with players and stakeholders in the transport industry. The findings of the study have been summarised, analysed and scribed in this section of the chapter. Basically, three main findings have been reported. These have been placed under three main subheadings that is, estimation of revenue at informal bus termini in the Harare CBD, estimated populations of informal operators and their impacts, and estimated touts employed at bus termini. Each sub-section will represent the respective findings in the related subtopic.

The specific group of youths popularly known as rank marshals and touts or simply *hwindis*, charge each commuter vehicle that uses the termini a fee that is usually equivalent to the fare paid one to four passengers, depending on the size of the vehicle each time it picks up passengers. These actions are informal and constitute revenue leakages to the local authority. Touts do not only reduce the total revenue that could be realised by the HCC, but also indirectly discourage urban managers direct funds towards redevelopment and upgrading of many commuter

transport termini in Harare since the project will not be able to recoup initial capital investment outlay.

Harare City Council Budget and Policies

In the Harare Budget Speech Proposal, 2016, the Chairperson of Finance and Development Committee noted that the council was aiming at enhancing the city's revenue generation and collection capacity, increasing the city's revenue streams, upgrading systems to improve operational efficiency and expanding the scope of the city's services. He also noted that these aims came because of direct engagement of residents and stakeholders. Stakeholders had indicated that the budget should prioritise service delivery. While stakeholders had submitted an exceptionally long list, major focus was on infrastructure, particularly water and the distribution network, roads, street lighting, public toilets, recreational and sporting facilities and refuse collection (Harare Budget Speech Proposal, 2016).

It was also reported that since ZINARA was mandated to collect all the revenue from the transport sector on behalf of the HCC, ZINARA had not disbursed any amount to the council. Since the transfer of vehicle licensing to ZINARA, road maintenance programmers continued to suffer from the negative impact of this development. In the road network repair and maintenance, it can be argued that this is where the bus termini facilities were supposed to be repaired and kept in a good state. In that

period, the sector anticipated a deficit of US\$15 million that was largely driven by repairs and maintenance of roads, streetlights, and the acquisition of the relevant equipment (Harare Budget Speech Proposal, 2015). Table 5.1 summarises the estimated revenue source for the 2015 and 2016 budgets for the Harare City Council. From the list, there is no revenue that is indicated to come from bus termini, even if the section indicated “other” represents revenue from bus termini. The city has not been paying any attention to income from the bus termini. This, therefore, strengthens the thrust of this chapter to measure potential revenue leaking at the bus termini in Harare CBD.

Table 5. 1: Summary of estimated revenue source for the 2015 and 2016 budgets for HCC (Budget Speech Proposals (2015, 2016). Accessed on 24 February 2017, Available on <http://www.hararecity.co.zw/index.php/jcontent/council-budgets>)

Source of Revenue	Amount (2015)	Amount (2016)
Property Tax(domestic/industrial/commercial)	\$ 105,300,000.00	\$ 118,100,000.00
Refuse collection	\$ 23,800,000.00	\$ 26,800,000.00
Welfare	\$ 800,000.00	\$ -
ZINARA and Billboards	\$ 4,000,000.00	\$ 4,000,000.00
DOW: Administration and City Architect	\$ 6,700,000.00	\$ 7,600,000.00
Clamping and Towing	\$ 5,800,000.00	\$ 5,600,000.00
Health Fees	\$ 6,600,000.00	\$ 7,400,000.00
Housing: Rentals, Leases and Markets	\$ 9,000,000.00	\$ 15,100,000.00
Harare Water	\$ 102,000,000.00	\$ 139,600,000.00
Parks and Cemeteries	\$ 800,000.00	\$ 900,000.00
Public Safety	\$ 800,000.00	\$ 4,600,000.00
Welfare and Education	\$ 700,000.00	\$ 900,000.00
Estates	\$ 3,200,000.00	\$ 8,600,000.00
Other	\$ 3,500,000.00	\$ 400,000.00
TOTAL	\$ 272,770,000.00	\$ 343,900,000.00

Experiences of Cost of Running a Commuter Omnibus

Interviews with touts conclusively summed up, that operators pay a minimum of US\$1 touts for every outgoing commuter omnibus. This payment is also influenced by the cost per passenger to the destination of the operator. Bus operators reported that they incur a lot of operating expenses, for example, on an average day, they may pay out US\$10 and sometimes US\$20 to the Zimbabwe Republic Police (ZRP) officers (*Mangongongo*) and municipal police in cases where operators do not have adequate and renewed documentation and licensing for operating. Asked about their perspectives on who can best administer the activities at bus termini, the operators said that no one could better manage bus termini because all the stakeholders, city council officers, municipal police officers, touts, rank marshals and the ZRP traffic police officers, were after making profits and were not concerned with good service delivery.

It is important to note that these traffic operators are also expected to pay licensing fees to ZINARA, usually US\$30, including third part insurance for three months. Operators are also expected to pay US\$75 for rank discs usually per four months. The Vehicle Inspection Department (VID) expects all passenger transport companies to pay US\$25 towards renewing

their vehicle fitness checking. On passing this checking/test, to obtain the certificate of fitness, one is expected to pay an extra US\$20. This is done after every six months.

As if that is not enough, the commuter bus operator is also expected to apply to the city council for a route certificate and this costs US\$100. When one applies for the route permit, they also pay an extra amount that would need to be renewed after every four months. The US\$75 is paid to the Road Motor Transport Authority (RMTA) and these are the ones who finally grant route authority and the operator's license that averagely costs US\$350 for a period of five years. It is also important to note that when one first purchases a commuter bus, they must pay 10% of the price of the vehicle to the Zimbabwe Revenue authority (ZIMRA) as Value Added Tax (VAT). The current poorly regulated or unregulated urban public transport market has witnessed unrestricted entry of operators to such an extent that there is an oversupply of minibuses. An oversupply of vehicles means increased revenue generation for the fiscus through both legal (vehicle taxes) and illegal (corrupt) means. Table 5.22 shows a comprehensive financial contribution by the minibus industry in Harare, assuming there are 8 000 (the figure that is often quoted) vehicles in Harare. These were submitted to the Minister of Finance and Economic

Development during the 2017 national budget consultations done in 2016 by the Ministry of Transport

Table 5 2: *Showing estimated financial contribution to the national budget (Commuter Operators 2017 National Budget Consultations)*

Cost Description	Supplier	Annual Unit Price	No. of units	Total Annual Economic Contribution
Fuel (30L*312*\$1.23)	Fuel Co.	\$ 11,513.00	8000	\$ 92,104,000.00
Presumptive Tax	Min of Finance	\$ 700.00	8000	\$ 5,600,000.00
Paye	Min of Finance	\$ 480.00	8000	\$ 3,840,000.00
Vehicle insurance	ICZ / TSCZ	\$ 264.00	8000	\$ 2,112,000.00
Passenger insurance	ICZ	\$ 236.00	8000	\$ 1,888,000.00
Route Authority	RMT	\$ 75.00	8000	\$ 600,000.00
Vehicle licence	ZINARA	\$ 60.00	8000	\$ 480,000.00
Rank disc (*3)	City of Harare	\$ 300.00	8000	\$ 2,400,000.00
VID fitness	VID	\$ 40.00	8000	\$ 320,000.00
Vehicle radio license	ZBC	\$ 30.00	8000	\$ 240,000.00
Re-test – medical	Doctors	\$ 20.00	8000	\$ 160,000.00
Route Authority Form	City of Harare	\$ 100.00	8000	\$ 800,000.00
Re-test – defensive	TSCZ	\$ 13.00	8000	\$ 104,000.00
Re-test - vehicle hire	Driving School	\$ 10.00	8000	\$ 80,000.00
Operators' license	RMT	\$ 42.00	8000	\$ 336,000.00
VID garage report	VID	\$ 20.00	8000	\$ 160,000.00
TOTAL DIRECT CONTRIBUTION				\$ 111,224,000.00

From the figures above, it is very unlikely that the government may want to introduce a more regulated bus system. A formal public transport system essentially means that the number of vehicles would be reduced. Further, informants from both the Zimbabwe National Commuter Omnibus Operators Organisation (ZNCOOO) and Greater the Harare Association of Commuter Omnibus Operators (GHACO) raised complaints about the multiplicity of regulatory institutions from both central and local government who have a host of conflicting instruments for

generating revenue, thus, creating a harsh operational environment. Operators are dealing with at least three separate ministries (Ministries of Transport, Home Affairs and Local Government) for them to do their business, thereby creating unnecessary red tape that also results in high cost of doing business. In addition to the costs, other internal operational costs incurred by operators per year are estimated and shown in in Table 5.3.

Table 5 3: *Internal annual costs of operating a minibus business in Zimbabwe. (GHACO, 2017)*

COST ITEM	AMOUNT
Driver's schedule	\$ 5.00
Replacement of smashed windscreens by the police	\$ 120.00
VID preparations	\$ 1,000.00
Replacement of tyres(5x2x \$130)	\$ 1,300.00
Vehicle number plates	\$ 160.00
Zinara licence	\$ 75.00
Radio licence	\$ 30.00
Crew wages	\$ 4,200.00
Service	\$ 1,800.00
Driver Retest	\$ 100.00
TOTAL	\$ 8,790.00

Estimated Revenue at Informal Bus Termini in Harare CBD

This study proved that touts are pocketing money meant for the council. However, the bus operators do not make any loss in the process. Normally bus operators are supposed to enter bus termini and pick up passengers. On their way out, they are expected to pay charges at the bus termini exit. This fee would be for the local authority. But since these termini are dilapidated, they are shunned by the commuting public. This

has resulted in passengers being picked up anywhere. Generally, this is a self-adjusting effect although it is not favourable. If a bus operator decided to rank in the bus termini, they may end up losing out on business. This has left many bus operators opting to pick up passengers informally anywhere in the Harare CBD. It is this informality in the urban management that is leaking potential revenue to the city council and enriching the rank marshals and touts who do not fund maintenance projects at termini they earn from.

On investigation, the researchers unearthed how touts charge for their services. It was difficult to put their charging criteria into a formula because they do more of negotiations as they operate. It was, however, discovered that the maximum touts can charge is the equivalent amount paid by an individual passenger travelling to the furthest destination. For passengers going to the same destination, the tout earns the money paid by one passenger, regardless of the total number of passengers in the commuter bus. Let x be the amount earned by a tout and P be the highest bus fare paid by the passenger travelling to the furthest point.

$$x = P$$

It can be drawn clearly that touts can never charge any amount that exceed the total bus fare paid by an individual passenger.

$$x > P$$

The normal charge, however, can be negotiated, for example, when one has a smaller bus or when they just receive a few passengers from a tout. Generally, the formula can be accepted if it is presented as follows.

$$x < P$$

The above just proved that touts are pocketing money that was supposed to have been collected by the regulator.

Estimated Populations of Informal Operators and their Impacts

There are so many informal operators in the Harare CBD, estimated at 756 *kombis*. However, it has been observed that even registered commuter bus operators are using these informal channels popularly referred to as *mushika-shika* or *pahasha*.

Estimated Touts Employed at Bus Termini

The figures found after executing This study found that the figures were very high, with a total of about 1250 youths employed in this industry. Their age ranges from 17 to 38 years. Interviews proved that the rest of the rank marshals and touts travel from distant rural areas to come and seek employment in urban areas.

5.7 DISCUSSION AND RECOMMENDATION

Rank marshals and touts must be banned because their activities are illegal. Comparing with another southern African country's transport system, like South Africa, one will never find any tout at the bus termini but still commuters get to their destinations. This shows that touts are not really value adding and their existence is of no economic benefit. Some touts are reportedly linked with political parties and generally their existence is more on the extortion side, since they demand payment for no service rendered. In this study, potential revenue that would have been collected by the Harare City Council is lost and touts have significantly benefited from the free funds. It is also expected that to completely get rid of these touts, the city council must engage members of the uniformed forces since touts can be violent because of their numbers and lead to destruction of city and state infrastructure, if the move is initiated prematurely.

If the government could deal with increasing foreign direct investment to improve employment amongst youths. The move will lower the number of unemployed youths roaming the streets of Harare. If youths are occupied in some activities, they will have other productive sources of income in the form of real formal employment and encourage more to work in various organisations. The indigenisation policy needs to be reviewed and institutions in Zimbabwe should strive to improve the ease of doing business in Zimbabwe. These are some of the suggested solutions that can help improve the

rates of foreign direct investments in Zimbabwe to increase the rate of employment in the country.

The Harare City Council to now start controlling regulation processes for newcomers in the transport business, the laws of demand and supply need to be looked into so that only transport needed is supplied. If there is an oversupply, operators will end up competing for customers, leading to an increase in passenger pick-up points. The increase in the number of these points has a direct effect of increasing the number of touts at many sites. Furthermore, to address this challenge, the Harare City Council needs to reduce the number of commuter operators in the city to a certain level. Further, other state enterprises, such as the Zimbabwe Passenger Company (ZUPCO), needs to be tasked with getting reliable public buses to service Harare routes. Positive results will be realised by having an integrated approach in solving these challenges.

The current bus termini that the council is operating are old and outdated. For them to appeal to the commuting public, work must be undertaken to refurbish bus termini to meet world class standards. Generally, travellers are avoiding old dilapidated and dirty bus termini. One simple strategy that can be implemented to encourage people to use these is by refurbishment. If refurbishments are done, the termini will become aesthetically pleasing and people will flock there. Humans do not want to be exposed to health hazards, so they

shun the dirty and always littered dilapidated current bus termini. In recent times, the most dilapidated infrastructure, dirty places, littering and high crime rates have been at these termini. There is need for council to work towards addressing these challenges to draw the heart of average citizens to start visiting and using these termini.

5.8 CONCLUSION

One can conclude that the Harare City Council has in the past years lost potential revenue from its management system adopted on running bus termini. To correct this position, the study recommends that the council and the country at large should adopt the recommendations and observations made in this chapter.