The impact of the Bus Rapid Transit Project on local taxi associations: The case for United Taxi Alliance

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Declaration

I declare that this research report is my original, unaided work, and that it has neither been previously submitted or currently being submitted to any other university for a degree or an award. I also declare that where another person's work has been used, acknowledgement has been given and reference made accordingly.

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Date

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Acronyms & Abbreviations

Action Plan - Public Transport Action Plan

BOC – Bus Operating Company

BRT - Bus Rapid Transit

CoJ – City of Johannesburg (The City)

EMS – Electronic Management System

GRJTC – Greater Regional Johannesburg Taxi Council

IPTN – Integrated Public Transport Network

NDOT – National Department of Transport

NTA – National Taxi Alliance

NTV – New Taxi Vehicles

SANTACO – South African National Taxi Council

SPTN – Spatial Public Transport Network

TRP- Taxi Recapitalization Programme

UTA – United Taxi Alliance

Chapter 1: Introduction

The South African government has embarked on two major programmes aimed at reforming the informal taxi industry, which is currently the most dominant mode of public transport. The first one was called the Taxi Recapitalization Programme, and it aimed to upgrade the taxi vehicles to newer efficient New Taxi Vehicles (NTVs). More recently, the Bus Rapid Transit (BRT) network has aimed to incorporate the taxi industry into an integrated bus-based network that uses technology and dedicated lanes to provide public transport. While both programmes have received little support and from the taxi industry, they have nevertheless implemented them to certain degrees. Their implementation has been surrounded by controversy and resistance from some sectors of the taxi industry. The resistance which often plays out violently has diverted attention from a more critical issue, which is the focus of this study.

Both the TRP and the BRT aimed to reform the taxi industry. The latter tried to draw lessons from the former and was designed to be more inclusive. The change in approach is evident in the City of Johannesburg's invitation to representatives from the taxi industry to embark on a study tour to South America in countries that have already implemented the BRT. It is also evident in BRT's operational model of a Public-Private Partnership (PPP). In this model, the state is responsible for infrastructure and managing the programme whilst the private sector operates the system. In Rea Vaya- as Johannesburg's BRT is called, the private sector would be constituted by corporatized former taxi owners. According to the Public Transport Action Plan (2007), this model would yield a win-win-win outcome for taxi owners, their drivers, and commuters through an improved integrated transport system that uses cutting edge technology.

Having been implemented almost ten years ago, and in light of the promised 'win-win' outcome, this study asks how Phase 1A of the Rea Vaya has affected the taxi industry. This question is answered through a case-study strategy with the focus being on one of the taxi associations that was part of the ten associations identified to be affected by the introduction of Rea Vaya in Phase 1A. The association is called United Taxi Alliance (UTA).

Focusing on one association offered an opportunity to go in-depth and conduct semi-structured interviews with the executive of the association, the ordinary members who are taxi owners and their drivers. Interviews were important in understanding their views on the project and the strategies each group pursued in protecting their interests during negotiations prior to the implementation of the project. More importantly, the interviews offered an insight to understand how the outcomes of the project affected them and the association's business. City officials, consultants and secondary data was also useful in understanding the context and process of engagements with the taxi industry.

The study found that the taxi industry has been negatively affected by the rollout of the Rea Vaya with different groups being affected at varying degrees. For some taxi drivers, Rea Vaya led to the loss of jobs and highly exploitative working conditions for the taxi drivers that retained their jobs. It also led to a decrease in revenue for the taxi operators that joined Phase 1A of the Rea Vaya and are now shareholders. For the executives, the negative impact was cushioned recouped through bringing in more members, having expelled some due to their participation in Rea Vaya. The study argues that the failure of the BRT to yield a win-win outcome for some stakeholders as stated in the Public Transport Action Plan (2007) before its implementation needs to be understood by unpacking its institution character as a Public-Private Partnership (PPP).

Ultimately, the study traces the implementation of PPPs in developing countries through relating the findings to some international examples of BRTs and through a brief literature review of PPPs in various sectors. Similarities and lessons from these examples are drawn, and the conclusion reached is that in its current form, the BRT cannot be said to yield win-win outcomes. This conclusion is supported by evidence which shows that the City prioritized interests of private companies over local stakeholders from the informal taxi industry and the adverse outcomes it has generated for the latter. This chapter gives a background on the taxi industry and the programmes aimed at its reform and then proceeds to give a rationale and states the aims of the project. The last section then states the research question and gives an overview of the study.

Background of the Study

The informal provision of urban transport has characterized the state of transport in South Africa and most developing countries through paratransit operators. Paratransit or informal public transport are services provided by private operators outside the ambit of government regulation, typically employing small vehicles, Gwillian (2006) in Venter (2013). This trend is due to both the incapacity of governments and deliberate shift, inspired by the ideological commitment-free trade and towards "free" competition for the provision of public transport.

In SA, this relative lack of public transport provision, which led to privately owned bus and small vehicle services have emerged as the solution for the growing urban populations. Amongst these populations are Black people residing in townships far from the cities in South Africa where their workplaces are located as a result of Apartheid spatial planning. South Africa's informal taxi industry emerged during Apartheid, and it was officially deregulated in 1988. McCaul's (1990) study detailing the history of the taxi industry states that the Transport Deregulation Act legalized minibuses to operate as taxis. The Act was in response to a report released by the National Transport Study in 1985 which recommended that deregulation would result in freer competition in line with the economic policy objectives at the time. Due to low entry barriers, the taxi industry has experienced exponential growth since deregulation. The growth of the taxi industry led to the formation of taxi owner associations. Taxi associations regulate the industry and are responsible for determining the fares, protecting their members from unfair competition from illegal taxi operators, and mediating disputes between owners and their employees. The associations are route-based and generate revenue for the services they provide through membership fees, (Schalekamp 2017).

The taxi industry is characterized by high competition that emerged due to low barriers of entry to the market for owners and drivers, which led to market saturation. The competition has been associated with taxi violence known as taxi wars (Dugard 2001). The competition also manifests itself through reckless driving in the pursuit of commuters to increase earnings as much as possible. The industry is in competition with other modes of transport and fellow taxi operators. Moreover, the taxis are barely maintained as the taxi owner's profits have to be split between their drivers and maintaining themselves. Concerns about the safety of passengers due to the violence associated with taxi wars and poorly maintained vehicles has the led the post-apartheid South African government to try and re-regulate the taxi industry and formalize its operations. Formalization has been perused through programmes like the Taxi Recapitalization Programme (TRP) and more recently the Bus Rapid Transit system. Arguments in favour of such reforms have been advanced by international agencies like the Institute for Transport and Development Policy (ITDP), transport experts like Wright and Hook (2007) who propose the introduction of the Bus Rapid Transit system in developing countries. The BRT has risen in popularity due to its implementation in South American cities and is seen by its advocates as the panacea to transport challenges in developing counties. The BRT has dedicated infrastructure with separate busways called corridors and employs technology to facilitate a centralized fare collection system (National Department of Transport 2007).

Most importantly, this system is used to reform the existing informal transport operators into formal companies that eventually operate it with the long-term goal of curbing the externalities the informal transport sector generates. Moreover, unlike other attempts at reform like the TRP, which directly engaged the national representatives of the taxi industry, the BRT focused on local associations as the most important actors for the City to engage about its plans for the new system. The change in strategy was an attempt to include the affected parties directly and hear their views on the City's plans. Despite this aim and the more inclusive approach to approach, the system's implementation has also come with its problems for the government and the existing local actors from the informal transport sector.

Problem Statement and Rationale

This study focuses on understanding the impact that Phase 1A of the Rea Vaya. This enquiry is made through a case study of one of the associations that participated in the project in 2009. Taxi associations consist of different actors. Queue Marshalls, drivers and most importantly, the owners who constitute the membership of the associations. The members are further differentiated into executives and ordinary members. Thus, the study seeks to understand how the BRT affected the drivers' working conditions, as well as the different members of associations and business of associations. This enquiry is conducted in light of the win-win-win outcome the BRT purports to yield for the stakeholders involved in the implementation of the system as outlined in the Public Transport Action Plan (2007). Although the City planned to withdraw the association's taxis on specific routes in Phase 1A and thereby give way for the Rea Vaya, in reality, this did not happen. Instead, the BRT now operates alongside the taxi industry with some of the taxi operators joining the system in their individual capacities and not as association members. This means that the association continues to play its role as a regulatory organization, but is now in direct competition with the BRT in Phase 1A. Few studies, (Behrens, Mccormick and Mfinanga 2016; Schalekamp 2015; Rizzo 2017) have given the participants of BRT projects a voice in order to understand how they understood and were affected by its implementation.

Although important studies on the negotiations preceding the implementation of Phase 1A of the Rea Vaya have been produced (McCaul and Ntuli 2009; Schalekamp, Behrens, and Wilkinson 2010; Venter, Jennings and Pineda 2018), these have focused on the equity impacts of BRT on commuters or on the travel choices in light of the alterative BRT presents for mobility from Soweto to Johannesburg, (Mandyanda 2016). This study is not concerned with commuters but rather focuses on the actors in the taxi industry and from the City and how their interests affect the project and are in turn affected it.

This study will extend on the work done by these scholars by broadening the voices and focusing on the association as the collective organization responsible for regulating the taxi industry in South Africa. It will highlight the multiple common and conflicting interests that are within associations and how they affected the outcomes of the implementation of the Rea Vaya in Phase 1A. Such an approach, as Rizzo (2017) argues, is important for understanding what the different actors stood to lose or gain from the implementation of the BRT and how each one pursued a different strategy to protect their interests and how in turn these shaped the trajectory of the project. This study is also important as it sheds light on understanding a complex and highly exclusive industry to outsiders and scholars from close range through the people that operate it. The study focuses on how the BRT has affected the overall business, working conditions and income. The important role the taxi industry has played in bridging Apartheid spatial planning and in providing Black people employment and income opportunities. As Schalekamp (2017:59) rightly notes, "the paratransit industry often constitutes one of the few employment and income sources in communities and a country where unemployment is commonplace, and where poor education effectively excludes many from formal employment and tertiary learning". In sum the aim of the study is twofold. Firstly, the study aims to understand how taxi associations in Phase 1A of the Rea Vaya were affected by the advent of the BRT. Secondly, the study aims to understand how the working conditions of drivers have been affected. Achieving these aims, I argue, is impossible without centring the voices of the stakeholders from the taxi industry in this study as this also provides an evaluative point for BRTs success and the win-win-win mantra it champions.

Research Question

How did the BRT affect the existing informal taxi industry, which continues to operate alongside the Rea Vaya?

- How have the Taxi Associations, the collective organizations of informal operators, been affected?
- How has the taxi operator's income and the working conditions of drivers been affected?

Thesis Overview

The remainder of the thesis is organized as follows;

Chapter 2 is the literature review, and it elaborates the taxi industry's history with a broader discussion of how different scholars have written on it. The theories on organized crime provide a useful means to analyze the emergence and operation of taxi associations as quasi-states, and their location in the informal economy is highlighted. Furthermore, definitions and debates on the informal economy are brought to light, and this sets the tone for the introduction of attempts at its regulation. Lastly, the chapter discusses the BRT as a regulation strategy. It discusses how various scholars and existing literature have understood and studied the BRT.

Chapter 3 presents the methodology of the study. The qualitative research approach of the study is explained. The study adopts a qualitative approach. The rationale for adopting this approach and the data collection methods employed are justified and defended in this part of the study. The chapter also discusses some of the challenges in getting a case to study and the subsequent challenges in access and how these shaped the trajectory of the project.

Chapter 4 uses the theories on organized crime to contextualize and understand the emergence of taxi owner associations. The chapter further discusses approaches at formalizing informal public transport and the attempts at formalization in South Africa. The TRP and BRT are discussed, and the interests and conflicts within them are highlighted. The chapter further identifies the major obstacles at formalizing the taxi industry through the BRT.

Chapter 5 is the discussion and analysis chapter. It presents the findings and discusses them in relation to theory and existing literature introduced in Chapter 2. In this chapter, I discuss the UTA and its operational structure. From here, I discuss the introduction of BRT and the response by the UTA with this development. The chapter then argues that considering the findings, the BRT can be said to have negatively affected taxi associations in terms of revenue of taxi owners and taxi drivers being the most affected groups. The former in relation to their profits and the latter in relation to their working conditions. The chapter concludes with an analysis of how the taxi owners that joined the BRT and eventually formed the Bus Operating Company (BOC) have been affected, with close attention being paid to their income and business environment.

Chapter 6 is a discussion on the Public-Private Partnerships as the business model of BRTs. This chapter locates the conflicts and inefficiencies that can be seen in Phase 1A of the Rea

Vaya in their institutional character. The chapter unpacks the rise and rationale of PPPs and discusses examples from different countries to show that they are not useful for delivering public services in developing countries. I argue that the neoliberal element in the BRT influences how it is implemented and this is to serve private corporations, and therefore PPPs cannot be called ‘partnerships’ as there is no mutual gain, but instead, the losers are mostly local actors.

Conclusion

The conclusion sums up the study. It takes the reader through the study and summarizes the aims of the BRT and the study itself. Furthermore, the design and outcomes of the BRT in Phase 1A are discussed. The study concludes that there City failed to deliver its promise of a win-win outcome, and in addition to this the continued operation of BRT increases competition for the taxi industry, and this may undermine future attempts at reform and it may also lead to taxi drivers mobilizing against the new system as they did when it was introduced. Such a failure to yield a win-win outcome and successful reform is attributed to issues internal to the taxi industry as well as the City’s overall strategy towards reform.

Chapter 2: Conceptualizing the emergence of the Taxi Industry and understanding BRT as a regulation strategy

Introduction

It would be an impractical task to attempt to embark on a study of an industry without explaining its organization and daily operations. Thus, the first section of this chapter discusses the background and emergence of the taxi industry briefly. The second section discusses the organization of the taxi industry. This discussion is interwoven with theories of the state and organized crime groups to help uncover some of the ways in which the taxi industry operates. In other words, analogies from the world of organized crime are a useful tool to unpack some of the decisions that have shaped the taxi industry and sustained its operations. The book titled *The Economics of Organized Crime* (1995) edited by Fiorentini and Peltzman will be seminal in bringing this analogy to light. The third section continues with the analogy of organized crime and discusses the conditions that enable its emergence. The fourth section discusses the concept of the economy. It focuses on how it has evolved and been defined by different scholars. This section is essential in situating the taxi industry within the informal economy and therefore opens way to critically discuss the strategies pursued to formalize the informal economy and how the formal economy responds to this formalization. The last section concludes by discussing existing literature in relation to the BRT. It focuses on how different scholars have understood and problematized some of the politics and actors behind BRTs. The literature review is limited to the BRT, and other attempts at reforming the taxi industry are discussed only as a means to help understand the previous attempts and the challenges it encountered as well how they can be related to the BRT.

Background of the Taxi Industry

No Easy Ride: The rise and future of the Black taxi industry (McCaul 1990) is a tittle that precisely encapsulates a key argument of the study. The rise of the taxi industry was not an easy one. Faced with the harsh competition from state owned rail and bus services as well as racist requirements to ascertain permits to operate their taxis, it was near impossible to cement its position in South Africa’s landscape. As McCaul (1990) notes, prior to 1977 the bus and rail services were inefficient and racially segregated which led to boycotts and lack of quality services. It was only in 1977 through the findings of the Breda commission which was set up to investigate the viability of transport deregulation that recommendations to move towards free competition were proposed (Dugard 2001). This culminated to the 1977 Road

Transportation Act which categorised a bus as a vehicle that carried up to nine (09) passengers including the driver. According to Fourie (2003:33) “This opened the way for the introduction of the legal minibus taxi to be used to carry up to 8 passengers”- a drastic shift from the previous use of sedan cars as taxis. This shift marked an important point in the growth of the use of minibus taxis and the taxi industry.

As already alluded to however, the South African Transport Services (SATS) - the state owned Transport Company and bus operating companies saw the growth of the taxi industry as a threat and thus opposed the 1977 Transport Land Act. Their views were expressed through the establishment of the Welgemoed commission in 1981, (McCaul 1990). The commission resulted in a draft bill that concluded that taxis be defined as vehicles carrying no more than four (4) passengers, new buses carrying five to twenty-five passengers be rolled out in specific routes according to time tables, and most importantly that taxis be phased out in four years of the bill being approved. This commission exemplifies one of the moments of conflict that the taxi industry had to withstand through the South African Black Taxi Association (SABTA) - one of the pioneer organizations to represent the taxi industry. This opposition reaped some rewards as yet another commission of inquiry was established by the government. The National Transport Policy Study (NTPS) essentially recommended the legalization of minibus taxis and relaxing the requirements needed to operate them. Thus by 1987 talks of deregulating the taxi industry were on the table and in 1988 permits to operate taxis were easily available. This sparked an exponential growth to the taxi industry between 1987 and 1994 according to Dugard, (2001).

The different ways in which scholars have understood these changes are not the focus of this study. However, the effects which they had on the industry need to be brought to light. The free for all issuing of permits flooded the market with taxis in a context where there was a withdrawal of the state. This in turn created a vacuum that was filled by the Taxi Owner Associations. Understanding this context and how associations came to function as well as relate to the state is the subject of the discussion in the next sections.

Taxi Associations as Quasi-States: Conceptualizing the organization of the taxi industry and its relationship with the state

In this section, I argue that it is useful to understand the theories on organized crime groups and their emergence as this helps to understand and appreciate how the relationship between associations, its members and the state and its programmes have been received by the taxi industry. There have been contesting definitions given of the term organized crime. In Fiorentini and Peltzman (1995) two interesting definitions are found. One comes from Schelling (1971) who argues that organized crime is characterized by organizations that seek to control or govern a certain area (geographical or economic) with the aim of imposing taxes regulating the legal or illegal business. This definition necessitates that the organization that has the rule-making role maintains its authority over the activities through the use or the threat of the use of violence. This conceptualization is useful for understanding that the organization emerges to serve a need that government cannot offer in cases where there is incapacity, negligence, or due to the illegality of some of the businesses. Rueter (1983) on the other states that "organized crime consists of organizations that have durability, hierarchy and involvement in a multiplicity of criminal activities" (Fiorentini and Peltzman 1995). This element of hierarchy highlights that there is a form of internal organization that governs organized crime groups. Kumar and Skaperdas (2008) offer another definition that seems to build on both Schelling and Rueter and their definition is useful for this study. According to Kumar and Skaperdas (2008:02) "organized crime engages in much regular economic activity, the production and distribution of a wide variety of goods and services" however they are distinguished from regular businesses by their provision of protection for extraction of rents. Unlike in other businesses however, in this sector protection is enforced through the barrel of the gun as opposed to contractual obligations and set norms and procedures failing which they are enforced by the state. It is this unique feature according to Kumar and Skaperdas (2008) that makes the service provided by organized crime groups similar to states rather than regular business firms. More appropriately, in earlier work Skaperdas and Syropoulos (1995) use the term primitive states to describe these groups. That is because despite possessing near-monopoly on violence over a geographical location, and hierarchical organization, they lack a permanent bureaucracy and other attributes of modern states. Thus, the term Quasi-states is also a fitting characterization of taxi owner associations. This characterization has implications to how they respond and interact with state programmes.

Conditions under which Organized Crime Groups emerge

The definition of organized crime given by Kumar and Skaperdas (2008) raises an important issue. The issue of protection of transactions and enforcement of their obligations that is usually served by the state. This means that the conditions that enable organized crime groups to emerge are where there is an absence, negligence or incapacity of the state to perform this function. Skaperdas and Syropoulos (1995) argue that the emergence of organized crime groups is akin to that of states which emerged in a context wherein there was anarchy and coercion. In other words the power vacuum created the necessary conditions for the emergence of these quasi-states. As stated the power vacuum may be created by the state itself through withdrawing from providing a particular service for its own political motives.

In the case of the emergence of taxi owner associations, the regions in which they emerged were Black people resided was geographically, socially and economically distant from the centre of power. That is, administratively most townships were designed to be geographically distant from the City through Apartheid spatial planning. In addition to this, the Apartheid government prioritized white areas for provision of quality public services like public transport, education and healthcare. This was largely reflected in the policies of the Apartheid government. One which is relevant to this study was the blanket deregulation of the taxi industry. This was done without the necessary structural changes to ensure that the taxi industry does not go into chaos due to the market being flooded. Therefore taxi owners' associations emerged as the necessary regulatory organizations to protect the interests of its members from illegal taxis that had not acquired taxi permits. Another instant that may lead to the emergence of organized crime groups are major political events, like revolutions or wars may also lead to a period of uncertainty instability of institutions which then influences the emergences of other centres of power (Kumar and Skaperdas 2008).

Elsewhere, Sergio Pena (2000) conducted a study on different street vendors in Mexico City, the emergence of street vendor organizations in the City's informal markets can been as alternative form of urban governance. Pena (2000) conducted surveys and in-depth interviews with three groups of street vendors operating in Mexico City and investigated their models of regulation. He identified models of regulation which may be used to regulate the street vendors and one which is important for this part of the research is the Mafia regulatory model. In this model, the street vendor organization protects the vendors from encroachment by the state through its programmes that seek to relocate, reorganize and formalize their activities in return for extracting rents. Pena's study is useful in showing how alternative forms of urban governance may emerge and how organized crime groups offer this function, often in direct competition with the state. Thus, attempts at gaining control or reorganizing markets in these territories leads to conflict between the state and the organized crime groups that emerged in the absence of the former and extract rents for provision of their services. Framed in this way, the emergence of taxi associations is understood in the context in which it has emerged and come to function. The literature on organized helps with understanding this emergence and is used to highlight rather than reiterate the normative claim that taxi associations operate as Mafias.

The Informal Economy and its Key Features

The absence of the state and its authority under territories where ‘quasi-states’ are in control implies that the services provided in this economy are informal. The informality however does not mean that it operates peripheral to the formal economy. Moreover, it does not downplay the significance and growth of the informal economy on the formal economy. Whilst older definitions of the informal economy emphasized its’ small scale, low entry barriers, labour intensive production, and survivalist enterprises run by families or through self-employment, (International Labor Organization 1972; Hart 1990). Contemporary definitions of the informal economy are more expanded. Under one of the expanded definitions developed by Women in Informal Employment: Globalizing and Organizing and ILO the informal economy does not only refer to unregulated enterprises, but also includes unregulated and unprotected employment relationships, (Chen 2007). This expanded definition is in contrast to what Keith Hart referred to when he coined the term in the 1970’s to describe a separate small scale economy of self-employment as opposed to wage-employment found only in the formal economy. It is also addresses some of the problems De Soto’s (1989) definition encountered in framing the informal economy as a sphere of dynamic entrepreneurs whose emergence was enabled by the exclusion in the formal economy by states and thereby neglecting the links between the formal and informal economies.

The features of the informal economy according to this expanded definition are that it is no longer seen as small scale endeavour that is isolated from the formal economy, but rather forms a significant part of the formal economy and a feature of the modern capitalist economy. Moreover, this means that the economic relations of production, employment and distribution can no longer be looked at as either formal or informal, but rather operate in a continuum. That is, they are interlinked. No more is this evident than in a formal company subcontracting through another company and thereby having casual workers with no protection or employment benefits, (Chen 2007). Chen identifies two important segments of the informal economy. These are ‘self-employment in informal enterprises’, and ‘wage employment in informal jobs’. The segmentation of the different forms of work that constitute the informal economy are relevant to this study in so far as the taxi industry contains employment relations that can be found in both segments. This can be seen through taxi owners that employ taxi operators to drive the minibus taxis for them. This is a form of wage employment for the taxi operators, but it excludes any form of work or social benefits. There are also taxi owners that are self-employed and drive their own taxis. Their position in the informal economy can be also be understood through Chen's segmentation. Due to the problems that this sector has generated, governments have sought different strategies to formalize it. As already alluded to, the relationship between states and the groups responsible for regulation in the informal sector is antagonistic owing to the different interests of the two parties. Whilst the organizations in the informal sector seek to continue to maintain their power and extract rents, the government seeks to extend its political power through bringing this sector into formalization and designing some form of programme to achieve this.

Regulation of the Informal Sector

The main purpose of regulation according to Devas (2004) is to bring in some form of formality and legality to the informal sector. Devas (2004) argues that formality is a multidimensional term. It refers to the organizations in the informal economy becoming legal in terms of being registered businesses that pay taxes, and comply with labour standards such as working hours and benefits. On the other hand it also refers to ceding control to the relevant authority in terms of planning and regulating practices in that sector. To bring the discussion back to the current study, we may identify programmes that have been implemented in South Africa's informal transport sector in order to regulate and formalize it. One is the Taxi Recapitalization Programme (TRP) in 1996 and more recently the Bus Rapid Transit (BRT) Network in 2009. Contextualizing these attempts in South Africa's policy shifts reveals that the motivation behind these attempts is to correct the market failures that have resulted in the economy where the invisible hand was meant to efficiently lead to self-regulation. This study makes reference to other programmes to formalize the taxi industry in so far as there are similarities that can be drawn to the BRT. However its main focus is on the BRT and thus this part of the literature review turns to discuss how different scholars have analysed it, especially in relation to the stakeholders involved and how its outcomes has affected them.

The Bus Rapid Transit Network as a Regulation Strategy

The BRT needs to be seen as one of the strategies by government to re-regulate the taxi industry. It forms part of a twin strategy to create integrated rapid public transport networks in the city of Johannesburg. The strategy involves Modal Upgrading or Accelerated Modal Recovery, and Catalytic Projects. The former refers to short term interventions (3- 7 years) including the TRP, aimed at stabilizing the current public transport system, and the latter refers to implementation of the BRT and Rail Rapid Transit projects which the Department of Transport's Action Plan (2007: 42) refer to as "inter-modal systems, and high quality corridor based services". According to the Action Plan (2007), cities needed to transform low quality semi-operators into an integrated system that is planned and managed by the public sector and operated by the existing private operators, drivers and workers. By giving the existing informal transport operators a stake in the BRT, it is argued that BRT will yield a win-win-win outcome for the operators and their employees (drivers) as it will guarantee an improvement in wages and revenue (Venter 2013). As Schalekamp, Golub and Behrens (2016:111) state, "advocates of this approach essentially argue that existing paratransit business owners should be corporatized or assimilated into BRT operating companies capable of tendering for, and entering into, contacts to provide services that form part of an integrated network". In Phase 1A of the Rea Vaya- Johannesburg BRT system, the City approached associations that would be affected by the introduction of the BRT because of the routes they regulated. The City consulted members of the associations interested in this opportunity to form Taxi Operator Investment Companies (TOICs) that would form an operating company to tender for operating the BRT system.

What the BRT system actually is has been contested. According Robert Cervero, (2013) all definitions share similarities that can sum up BRT as a bus-based system which has dedicated infrastructure and forms part of the government's strategy to integrate mass public transport and provide cheaper accessible transport for citizens. The BRT Transit guide (2007:11) defines BRT as "a high-quality bus-based transit system that delivers fast, comfortable and cost-effective urban mobility through the provision of segregated right-of-way infrastructure, rapid and frequent operations and excellence in marketing and customer service." Behind BRT's global thrust and promotion there have been agencies that have packaged it as the solution to developing countries' transport problems. Amongst these, Rizzo (2017) identifies the Institute for Transport and Development Policy (ITDP) which publishes the BRT Planning Guide, the German International Cooperation Agency (GIZ) and the World Bank for its role in providing loans to implement BRT as well as funding the research behind it. For Rizzo (2017) the actors behind these agencies and their affiliation to international finance shows that there are huge stakes for it in opening up the urban public transport sector market in developing countries. Thus, the agencies have to portray the BRT as the perfect solution in order to create the markets.

Some critical studies like the one by Paget-Seekins (2015) argue that the emergence of the BRT can be understood as a shift in urban governance where cities are competing with each other to attract global capital instead of providing the public services. This is what is called entrepreneurial governance and it is expressed through Public-Private Partnerships (PPP), (Paget-Seekins, 2015; Rizzo, 2017). In this business model, the BRT is build and managed by the public authority and then the private sector operates the system. At the heart of this form of governance is that the city's improvement is often not to better services like transport system and provide adequate mobility to local commuters, but rather, it is orientated towards improving the city's image and attracting visitors and high income earners into the city, (Paget-Seekins, 2015). This argument is plausible seeing that the BRT's introduction in South Africa was catalysed by the announcement to host the 2009 Confederations Cup and 2010 FIFA Soccer Tournament. Writing on the context of the introduction of the BRT, the City's End of Term Report (2011:09) also stated that "it became apparent that hosting the football World Cup required a more sophisticated approach to public transport than the envisaged Spatial Transport Networks". To implement such a system, the City took study tours as suggested in the BRT Planning Guide (2007). The tours involved some of the affected taxi associations' representatives and city officials visiting BRT systems in Curitiba in Brazil and Bogota in Colombia, (End of Term Report, 2011).

Venter's (2013) review of SA's approach to BRT focuses on the use of BRT as a transformative mechanism for the informal taxi industry that is reluctant to move towards formalization. According to Venter, the taxi industry operates on a cost-enhancing strategy that relies on being informal and escapes paying taxes, enforcing labour standards and allowing unionisation. Ultimately this strategy limits the growth of the taxi industry according to Venter (2013) and it closes possibilities of cooperation due to the fragmented nature of associations. Moreover, it closes opportunities for capital formation as there are no adequate financial mechanisms to track savings and get opportunities for credit. For Venter therefore, the BRT offers a viable option to escape the logic of informality and move the taxi industry towards new markets of growth that the current informal taxi industry does not offer as it has reached a mature stage. To move out of this stage of maturity wherein there are tight profit margins and high competition Venter argues that efficient technology offered by the BRT is key. Thus, in Venter's view, the decisions for individual taxi operators to join the BRT is read as one where former taxi owners saw the saturation in the market and thus joined the BRT to make themselves better off.

Venter (2013) concludes that the BRT offers a potentially sustainable alternative to the taxi industry but this will depend on three factors. Firstly, the ability to drive down costs by capturing the taxi industry. Secondly, the BRTs ability to expand its markets, and thirdly the ability to manage relationships with the taxi industry. Venter's study is useful for showing how the BRT offered a viable option to increase profits for the operators that joined it. However, it falls short of analysing some of the interests that were at the heart of the negotiations and its implementation. These interests were important issues that have an influence on the trajectory of the project and the three conditions which Venter argues need to be in place for the successful participation of former taxi operators. Venter focuses on the conditions needed to grow the taxi industry but not the effects this growth will have on stakeholders. By focusing on the stakeholders form the taxi industry and giving them a voice, this study will bring the issues to light, thereby contributing significantly to how the BRT is understood and its success or failure as a transformative mechanism to the informal taxi industry.

An example of this approach, although conducted in a different context with unique challenges and issues, is Rizzo's (2017) book titled *Taken for a Ride: Grounding Neoliberalism, Precarious Labour and Public Transport in an Africa Metropolis*. The book offers useful insights to uncovering the politics at the centre of Dar Es Salam's BRT called Dar Es Salam Rapid Transit Project (DART). This study is important for understanding "what different Tanzanian actors stood to lose from its implementation, and the way in which they were able to resist and influence the project" (Rizzo 2017:145). Rizzo undertakes this study through in depth fieldwork which included interviews with public authorities and key informants. Policy documents, newspaper articles and public speeches related to the project were analysed to understand the project and the multiple delays it encountered. The key conclusions reached by Rizzo in his study is that DART can represents a new face of neoliberalism in Tanzania wherein the role of government is changing to facilitate the promotion of interests of capital at the expense of local actors. In this sense, the BRT cannot represent a win-win-win intervention in the urban transport system in Dar Es Salam.

The conclusion of Rizzo's study echoes the argument by Paget-Seekins (2015) in her understanding of the BRT as a neoliberal project aimed at creating a market for private companies by regulating the existing informal transport operators out of business. Paget-Seekins defines neoliberalism as encompassing market-based governance. In the BRT, the market based-governance takes the form of a transformed state and market relationship that revolves around interests and elite groups. Borrowing the term from Harvey (1989) Paget-

Seekins (2015) argues that neoliberalism manifests itself through entrepreneurial governance in BRT. Thus instead of focusing of provision of public services, the cities implementing the BRT are in competition for attracting mobile capital. Although Paget-Seekins acknowledges that the BRT is not inherently neoliberal, its implementation model is neoliberal and despite its potential to improve mobility and safety for citizens its countries, it also presents contradictions, some of which challenge neoliberal principles it is being implemented on.

This formalization presents a contradiction because although it is implemented on a neoliberal framework, it opens an avenue for collective action from the formalized workers, and from commuters towards the state since it plays a role in subsidizing the infrastructure and operations in some cases. As Paget-Seekins (2015: 118) states, "the introduction of public funds creates the possibility for greater public accountability over the sector as it increases the 'publicness'." In March 2014 for instance in Bogota, commuters blocked BRT buses to protest its overcrowded conditions, and in South Africa a national bus strike that dragged on for almost a month affected BRT services across the country. The bus drivers demanded a 12% increase whereas the employers offered 8% initially, and then an increase of 8.75% in 2018 and 8.25 % in 2019, (Ngalo, 2018). The BRT workers are allied to unions such as the South African Transport and Allied Workers' Union (SATAWU) and Tirisano Transport Services Worker's Union. Paget-Seekins study is important in no only highlighting the neoliberal model of BRTs and how they reorganize the relationship between the state, labour and commuters. It also shed light into how the integrated workers benefited from the BRT through organizing in unions. An important part that was also left out in this study was on how the neoliberal model is understood by the actors that Peget-Seekins argues are being formalized out of existence. This is an important issue in light of the new environment which some of the former taxi owners operate and in teasing out the pressures and dynamics the new environment presents for them.

The contradiction that runs through the neoliberal model of the BRT's implementation is also present in the findings of a case study of South America's experiences with the roll out of the system. Paget-Seekins Dewey, and Muñoz's (2015) is similar to this research in its focus on the outcomes of the BRT system, and it particularly focuses on three cities; Mexico City, Santiago and Bogota. Despite being heralded as a model to follow, a close look into the case study on Bogota has revealed that it was mired with tension and contradictions. One such contraction being its outcome whereby a tendency for the system to be renegotiated instead of being tendered and this threatens the competitive principles which tendering is based on, which claim to improve efficiency and competition for the market. The results of this were seen in overcrowded conditions and no standard measures to reduce them (Paget-Seekins Dewey, and Muñoz 2015). Moreover, the transition from the informal transport system into the TransMilenio required the informal operators to partner with experienced companies that had capital in order to bid to operate the system. In this process, although 90% the resulting companies had previous informal operators, the majority shareholders were the experienced companies they partnered with.

This calls into question the overall winners in this arrangement and most importantly it reveals the contradictions at the heart of the implementation of BRT. In other words the 'evangelical literature' (Rizzo 2017) that deliberately sidesteps these issues is exposed for its bias. It erases local actor's voices and the outcomes of the BRT which exclude some former informal taxi operators. This study will extend the findings made by Paget-Seekins, Dewey, and Muñoz (2015) by reviewing the experiences of the actors from the informal transport sector in what is known as the key example for BRTs in Sub-Saharan Africa- the Rea Vaya.

Conclusion

This chapter has provided an overview of the existing literature relevant to this study. It has introduced the taxi industry in South Africa and discussed its organization, contextualizing the taxi industry in the informal economy. This opened way for discussing the approaches to formalizing the informal transport sector. The BRT is the focus of this study and thus the manner in which it has been analysed and understood by different scholars was discussed. In sum, the literature review found that despite the important contributions made by previous studies on the outcomes of the BRT in South American cities (Paget-Seekins Dewey and Muñoz 2015) and Dar Es Salam (Rizzo 2017), the studies' contextualization of BRT within neoliberal policy shifts and its implementation through the PPP (Paget-Seekins 2015) fall short of analysing the interests of the local stakeholders and understanding how the BRT affected their organizations which have traditionally served the role of regulating the informal transport sector, the former taxi operators' income and the working conditions of the workers in the taxi industry. Ultimately this is the gap the study aims to fill by extending some of the work that has been done in understanding local actors' position post-BRT.

Chapter 3: Methodology

This chapter discusses the research methods that were employed in answering the question for this study. The chapter begins by explaining which procedures of enquiry were selected and why they were appropriate for this research. Furthermore, the target sample and their respective backgrounds are brought to light to show how they informed the methods of data collection, the nature of the data collected, and how it was analysed. Throughout the chapter, I discuss some of the challenges that imposed limitations during fieldwork and in turn how I managed these difficulties.

Research Approach

The research approach of this study was qualitative. Cresswell (2014: 04) states that a qualitative approach is an "approach for exploring the meaning individuals or groups ascribe to a social or human problem". This means that the researcher relies upon the people or organization being studied (participants) to collect data (their perspective or experiences on the issue being investigated by the researcher). It is quite difficult to numerically measure meanings and experiences of individuals, and thus this approach is distinguished by its use of language to organize and record information. The approach is also distinguished by its inductive reasoning which is informed by social constructivism. According to Cresswell (2014) social constructivism is a philosophical worldview that believes that individuals seek understanding and meaning of their context. Thus, the various socially constructed meanings that individuals have of their world or certain things is complex and requires me to appreciate this complexity and this shapes my methods of enquiry.

In this study therefore, the qualitative approach was the appropriate choice to enable me to adequately understand the experiences of the taxi industry with Phase 1A of the Rea Vaya BRT, focusing particularly on UTA and the actors within it. That is, the taxi officials, owners and drivers. UTA is one of the taxi owners' associations that Phase 1A of the Rea Vaya was going to affect. Another important set of actors comes from the City. The City officials, consultants and technocrats employed to consult the taxi industry about the BRT and the ideas these actors had of the BRT and how it was going to restructure parts of the taxi industry are important to understand for the study. These set of actors come from different backgrounds and thus these shape the information they shared or chose not to share on the BRT. Most importantly it shaped the type of questions that I asked during my lengthy fieldwork. I delve more about the question in the discussion on data collection.

Research Design

Case Study: United Taxi Alliance (UTA)

This study adopted a case study method. In a case study, the researcher selects a case. It may be an organization, people, or event, and this is because it has information about a certain phenomenon that is being studied, (Cresswell, 2014, University of Southern California, 2019). For this study, UTA was selected as the organization to be analysed in relation to its experiences and impact of Phase 1A of the BRT. UTA is a pseudonym I have used for protecting the identity of this case study.

UTA is a taxi owner's association in Soweto and was established to organize and represent the interests of its members who are taxi owners. Through its feasibility study, the City selected UTA as one of the associations that was set to withdraw taxis from some of its routes in order to make way for the Rea Vaya in Phase 1A. Accordingly, UTA was set to withdraw a number of taxis from its routes. It was one of ten associations chosen to withdraw its taxi. The withdrawal of taxis was in return for a stake in the Bus Operating Company that was to operate the Phase 1A of the BRT. UTA has historically served mobility needs of residents within Soweto, and between the latter and the Johannesburg CBD, which is far from the townships due to Apartheid spatial planning. It is affiliated to a regional structure which can be thought of as a supra-association comprising of different primary (local) associations. This regional structure is called United Taxi Associations Forum (UTAF). It is important to highlight that UTAF emerged during the introduction of BRT and UTA was previously affiliated to Top Six Management- another regional body. Both these regional bodies are nationally affiliated to the National Taxi Alliance. The NTA describes itself as "a South African group body of affiliated independent national, provincial, regional and primary taxi associations" on its website. From the ten associations identified in Phase 1A, the NTA had 6 affiliates that were going to be affected in varying degrees depending on the geographical location of their routes. Thus, UTA had a big voice as it not only was going to be highly affected but its national council had more associations affected by this project. This meant it was an important stakeholder to focus on for this study.

When initially embarking on the fieldwork, I had selected another association and then later went on to add UTA. Focusing on these two associations would have enriched the research with more voices and issues to analyse with regards to Phase 1A of the BRT. This is because whilst the BRT was going to affect both organizations, their views would have nonetheless been different as they had different regional structures at the time and it is within these differences and perspectives that the richness was going to emerge.

It is important at this point to highlight the strategy adopted in accessing these organizations as this will shed light on why eventually only one of them was chosen as the case study. The taxi industry is highly exclusive and hard to access for outsiders, especially researchers. This is because of its lack of trust of their intentions and their potential affiliation to government which has an antagonistic relationship to the taxi industry. Thus going into the field, I knew I was going to be viewed with suspicion as I was armed with lots of questions about the BRT, whose implementation led to a lot of resistance and violence as will emerge in the study. When I visited the offices of one of the associations, my background was questioned from the beginning. Elucidating my purpose for the visit, affiliation to an academic institution, and adding that I was a Sowetan seemed to put the officials at ease. It was important to highlight the last two parts in order to show that I am a local and use taxis on a daily basis to commute. Despite getting a letter and commitment to participate in this study from one of the affected associations, the visits that followed were always untimely, catching the officials "busy" and yielded little information for the study. My assumptions about the difficulty of negotiating access were vindicated. A different strategy had to be employed.

In approaching UTA therefore, I decided to ask for assistance from one of my contacts, Mr Bongani Kupe. I met Mr Kupe through my supervisor and he knows the taxi industry well, having worked with it from 1990s to date. Mr Kupe agreed to speak to UTA officials on my behalf. Although it took two weeks, after sitting in a meeting with the executive, the contact confirmed that the association was willing to meet me to discuss my research project and its purpose. Unlike the initial association I approached, the visit to UTA yielded some information and it was at this point, after numerous visits to the first association and calls to other associations that UTA was selected as the case study. Though intended to be one on one interviews, I met up with both the executive and the drivers in group interviews to collect data. Thus, the nature of the taxi industry eventually influenced my methods and I had to be reflexive to adapt to these changes and challenges during the fieldwork.

Research Sample

Sampling is the process by which part of a population is selected in order to be participants in a study. There are two approaches to sampling in research, namely; probability and non-probability methods, (Naderifar, Goli and Ghaljaie 2017). This study uses non-probability methods. Non-probability methods involve samples chosen by the researcher or those that are available to the researcher. As alluded to, it was not easy getting access to some of the participants. Therefore snowball sampling wherein I called participants that were provided by some of my interviewees and in selecting and accessing the association I was assisted by one of my contacts.

The target sample for this study was comprised of the association chosen for the case. This was UTA as discussed. UTA consists of different groups and they can be divided into taxi owners, drivers and the officials. Only the taxi owners that had an interest in BRT and joined were interviewed, whilst the officials are represented by the executive of the association. The drivers that were interviewed are the group leaders in various ranks that UTA operates in. Each interview is represented by a number, ranging from the first to the last interview and pseudonyms are used for some participants to protect their identities. The use of pseudonyms was important as the BRT is a highly contentious and some of the mistrust and animosity between the taxi industry and the City still exists.

Negotiating access was difficult, thus the taxi selected taxi drivers were accessed with the help of the Chairman of the association. The taxi owners interviewed were accessed through snowballing the method through my contact who was kind enough to share some of their contacts from the taxi industry and the City. Other people interviewed included the former MMC of Transport, one of the consultants, a technocrat that advised during implementation and two officials form the Johannesburg Road Agency. From the latter, the head of Business Development and an Official responsible for overseeing the Bus Operating Company of Phase 1A of the Rea Vaya were interviewed. Therefore in total, there were 11 participants interviewed. The method used in identifying the sample was useful as some of the participants were at ease and willing to talk to me as they had briefly told by their acquaintance about my research.

Data Collection

Having selected the participants, I proceeded to select the appropriate methods of data collection to gather information that could help in answering the research question. For this study the methods selected were;

- In-depth interviews
- Focus Group

- Documents

Interviews

According to Bless, Higsonn-Smith and Sithole (2013: 193) “an interview involves direct personal contact with the participant who is asked to answer questions relating to the research problem”. For this study, non-scheduled interviews or unstructured interviews were employed. This means that the questions asked were open-ended with the participants given room to expand on the topic at hand according to their experiences and understanding. My first interview with Mr Bongani Kupe. Mr Kupe was helpful in giving me a broad overview of the important actors I had to contact to schedule interviews. The rest of the interviews were with city officials, the former MMC of transport in the City of Johannesburg, officials from the Johannesburg Road Agency and one of the technocrats that works with the City and taxi industry.

These interviews were not without challenges. Firstly, some of the contacts that Mr Kupe gave me were not easily reachable. This was mainly due to busy schedules for some and for others the difficulty could be attributed to change of contact numbers and workplaces. The former MMC of transport Mrs Rehana Moosajee had resigned for instance and I had to call her on her mobile number to schedule an interview. We conducted the interview at a coffee shop in her neighbourhood, but had to move to her home halfway through as there was an advert being shot at the time. This slightly disrupted the flow of the interview, however, having settled in her home the interview continued smoothly. The setting played an important role in making her feel at ease, and it was less noisy than at the coffee shop. Secondly, there were a lot of bureaucratic hurdles to jump before meeting the officials from the JRA. I emailed the executive director of transport in the City of Johannesburg, Mrs Lisa Seftel, and she referred to liaise with one of her colleagues to meet two officials from the JRA that might be helpful to this study. Sitting down with them came after briefly going back and forth in emails explaining that I had spoken to Mrs Seftel about the study. Eventually their interviews were helpful and further probing within the JRA yielded some official agreements between the City and the Taxi Industry from 2009-2010. Although quite a few- four to be precise, the documents were helpful. All of the interviews were recorded with permission using my mobile device, and some notes were made on my notepad. Following this, I reflected on the interviews and transcribed them.

Focus Group

Another difficulty as alluded to in this section was getting the opportunity to interview participants from the taxi industry. As stated, the first challenge was selecting a case to focus on. When it was resolved through my informant, I had to set up interviews. Initially, I planned to conduct in-depth unstructured interviews with the association officials and drivers. However the culture of the association was that anyone requesting to see one official must present what their purpose for the visit is and then the association may choose to assist or not to. I emailed the chairman after my contact gave me his details and we set up a meeting. The entire executive was present in the boardroom and they welcomed me to their offices. My details were asked for and I obliged. I then proceeded to explain my research aims and objects to the executive of UTA and handed my consent form to the Chairman. The signature signalled their intention to participate and the meeting became a focus group with me as the facilitator, asking questions to guide the discussion and interjecting for clarity. It is important to note that for issues of safety and ethical concerns, there were certain questions that I avoided due to the nature of how the implementation of the BRT unfolded, with some people losing their lives. Bless, Higsonn-Smith and Sithole (2013: 200) stated that “a focus group consist of six to ten participants who are interviewed together”. This method was advantageous as it saved a lot of time and as it progressed the executives were correcting each other and reminding each other of the correct accounts to the questions I had prepared.

A major limitation however was that some important information may have been left out when there was a divergent view but it was supressed as the executives shared a consensus on a particular issue. For this limitation, I took consolation in that most of the executives engaged with the questions and in some cases a particular portfolio was given a chance to answer as it had more information on the issue related to the question asked. Rapport was initiated through asking about the taxi industry and general questions about how it functions on a daily basis and the challenges the association encounters. Following this, the interview moved to specific question in relation to the BRT. The same method was repeated with taxi driver leaders two months later. The reason the interviews were far apart was to allow for a space for reflections the researcher, and to gather more information elsewhere before returning to the association’s offices. Nevertheless, one key challenge that can be noted about the taxi drivers was that they were impatient as the meeting preceding mine took longer than expected. Furthermore, they still had to get back on the road after the meeting. Thus, some answers had to be brief and this may have led to limited information than what may have been gathered.

Documents, Books and Journals

There were also secondary resources that were important to the study and this came from official documents, scholarly articles and books on BRT and the informal economy in developing countries. These sources were retrieved online from the Wits University Library Database and through the library's book loan system. A book that was seminal to this study was Rizzo's (2017) *Taken for a Ride: Grounding Neoliberalism, Precarious Labour, and Public Transport in an African Metropolis.* Official agreements between the City and representatives from the taxi industry also served as primary sources of information for the study.

Data Analysis

Qualitative analysis focuses on the participant's understanding and experiences. It is particularly focused on how the participants constructed their meaning towards their lives, and most importantly it gives the sample under study a voice. There are important steps were followed in analysing the data. Firstly, the interviews were transcribed. This was an important step in immersing myself in the data and noting down recurring subject from the interviews. This process of categorizing data based on recurring subject matter is called coding. As Bless, Higsonn-Smith and Sithole (2013) stated, the process of coding involves immersing oneself into the transcripts and classifying data into categories or codes. It is through coding that that themes were identified and subsequently interpreted.

Ethical Considerations

Ethical considerations in terms of the rights of the participants and their choice to participate in the study or decline were respected as per the University of the Witwatersrand Ethics Committee. I was aware that the BRT is a contentious subject for the taxi industry and that its relationship with the City is volatile. This awareness informed my approached and in negotiating access to the actors from the taxi industry my research project and affiliation to the University of the Witwatersrand rather than a government institution was stated upfront.

A participation information sheet and consent form were prepared and distributed to all participants. The participation information sheet briefly explains the research and the consent form gives the participant a chance to sign to confirm their participation and comfort with being recorded. It also guarantees confidentiality in reporting of results and states that participation in the project is a choice and should the respondent feel like they can no longer continue for some reason the researcher will stop. As stated, interviews were given unique numbers such as Interview 01 and so on to signify when they were conducted. In order to protect the identity of the case study association, a pseudonym was used. Pseudonyms were used for individuals who wished to remain anonymous and participants from the association. The proposal has been through an ethical review by the Development Studies board to ensure that all ethical research standards have been upheld and an ethics clearance certificate was granted.

Chapter 4: From TRP to BRT: The taxi industry and the states' efforts at formalization

Introduction

In this chapter, I argue that there has been different approaches aimed at reforming the taxi industry, and these approaches share similarities in the sense that they are characterized and shaped by the different interests that are protected and advanced by the informal actors and the government. The chapter discuses Taxi Recapitalization Programme (TRP) as one of the attempts to reform the taxi industry. The TRP is discussed not only as a historical point but to uncover some of the complexities and tensions that come with formalization the paratransit sector. Such a discussion will be essential in understanding some of the conflicts that the BRT's implementation has generated within taxi associations, and between the state and the taxi industry.

The chapter begins by contextualizing the emergence of the taxi industry. Having done this, section two uses the theories on organized crime as introduced in the literature review provide a useful theoretical framework to understand how the taxi industry operates, and this I argue is essential in understanding how the attempt to formalize the taxi industry has generated resistance towards the TRP, to more recently the BRT during the negotiation phase of the project. The use of the literature on organized crime is useful to understand the conditions of governance and regulation that emerged in the absence of the government after the deregulation of the taxi industry and is not used to assess the legality or illegality of the operations in the taxi industry.

The approaches and attempts at formalizing the taxi industry are then discussed in detail and the discussion identifies the key actors, their interests, and how the power dynamics in between them have shaped their strategies and the trajectory of paratransit reform. The last section discusses the BRT and the taxi industry. It traces the agreements reached in the negotiations, and sets the tone for the following chapter on the outcomes of the negotiations. The data is drawn from semi-structured interviews with City of Johannesburg officials, association leadership, and eligible operators that have joined the BRT.

The Taxi Industry and Rise of Taxi Owner Associations

The minibus taxi industry emerged in a context of apartheid spatial planning in which African labour was confined in townships, 20 - 30 kilometres from the city and lack of efficient public transport at the time. Between 1970's and 1980's transport was largely provided by the public through rail services and buses, but these were expensive, inefficient and highly regulated. According to Dugard (2001) the apartheid regime used regulations to enforce racial segregation of transport and to protect the monopoly that was held by the state owned South African Transport Services (SATS). McCaul (1990) also states, it was only in 1988 that transport was deregulated through the Transport Deregulation Act which legalized minibuses to operate as taxis. Before this, taxi operators had to go through prejudiced obstacles to obtain limited permits from their Local Road Transportation Boards (LRTB's). Deregulation was initiated by the National Transport Study's Report (NPTS) released in 1985 which recommended transport policy needed to move towards freer competition in line with the national economic policy and 16-seater minibus taxis be allowed to operate as taxis, as well as the recommendations by the Competition Board that there should be blanket deregulation of the taxi industry. The last straw of deregulation was the release of the White Paper on National Transport Policy in 1987 and the Deregulation Act in 1988 (Fourie 2003).

Deregulation of the taxi industry resulted in three developments. Firstly, there was an increase in the number of taxi operators as permits were easy to get hold of since there was no need for the operator to prove that their service was needed. As Khosa (2007) states, the number of permits issued rose from 7 093 to 34 378 between 1986/87. Secondly, there was an increase in the number of illegal operators that did not have permits which are called pirates, and lastly there was an unchecked increase in the number of taxi owner associations, (Dugard, 2001).

In the absence of regulation by the state, there was competition for routes and commuters and therefore operators organized themselves into associations to allocate ranks, regulate fares and protect member's routes from being operated by pirates or rival associations. Associations are hierarchical with an executive that is elected by its members. Each executive member performs duties in line with their portfolio. As one of my key informants elucidated in an interview:

> The positions include a Chairperson, Deputy Chairperson, Secretory, and a Treasurer with his finance committee constituted by at least two people, and a Disciplinary Committee which is responsible for regulating the misconduct of drivers, and a Training officer that trains drivers, (Interview 04, 26 September 2018).

One has to pay a joining fee that varies per association and this is followed by a recommendation letter which the joining member has to take to the local transport authority in order to be issued an operator's permit. The current practice within associations is to promote a driver into a member once they have managed to save for their own vehicle. The taxi industry is therefore constituted of different categories. There are drivers, who are employed by taxi owners and are payed a portion of the money they check in at the end of the week. There are also owner-drivers, who as the name suggests own a vehicle and operate it themselves. This goes on until they can buy another vehicle and employ a driver. Lastly, there are owners that have more than three vehicles who employ drivers to operate their taxis, (Khosa, 2003).

The growth of taxi owner associations was linked to violence over routes which was later called taxi wars. Several scholars like (Dugard 2001; Fourie 2003; Khosa 2007) have analysed the causes of taxi violence following deregulation and in the post-apartheid. There seems to be a consensus that although the violence was mixed with transition politics in its early stages, it came to characterize how associations functioned. That is, through their organizational strength, associations began to extract income to protect their routes through the use of violence or threat of violence. This role is also carried out by mother bodies, which are formed by an alliance of local and sometimes long distance associations. Historically, therefore, the associations' main task has been the protection of market rights through the use of squads that collect the weekly fee for protection, and administrative duties. Part of this fee according to Dugard (2013:04) is "earmarked for the relevant mother body and is delivered to an elected mother body executive". Thus violence, or the threat of violence is not only directed rival associations but also serves a means to extract income for the protection of spheres of influence. In this sense, associations also have an incentive to increase their membership but this ends up flooding the market and therefore fierce competition even within members of the same association is commonplace. On the road, it manifests itself through reckless driving, and the poorly maintained vehicles due to limited reserves (Schalekamp 2017).

Framework for understanding the Operation of Taxi Owner Associations

A useful way to understand how associations function is through the analogy of organized crime. The definition of what constitutes organized crime has been contested by some scholars like Reuter (1983) and Schelling (1971). Whilst the Schelling (1971) defines organized crime as involving an organization that seeks to control the economic structure of the underworld, and therefore its core business being "to acquire a rule-making role in a given area as to levy taxes and impose regulations over legitimate or illicit business", (Fiorentini and Peltzman 1995, 04). Reuter argues that mounting empirical evidence seems to support a flexible definition of organized crime. According to Reuter organized crime refers to organizations that have durability, hierarchy, and are involvement multiple criminal activities.

Both these approaches are useful for understanding the operation of taxi owner associations and their emergence. According to Kumar and Skaperdas (2008), the distinguishing feature of organized crime is the provision of protection through the use of violence for extraction of rents. Essentially, the Mafia, or association in this case acts like a state in its particular sphere of influence. In fact, its emergence was enabled by the deliberate withdrawal of the apartheid state in regulation of the taxi industry, which led to a power vacuum. Dugard (2001) argues that it was in the interests of the apartheid regime to destabilize townships and deregulation and transition politics played a major role in this regard. Thus, a power vacuum resulted not only due to the state ceasing to regulate the industry but also due to the political dynamics towards the end of the 1980's. Both these conditions are identified as necessary for the mafia to develop. This is due to the important fact that "property rights" are weakly enforced, hence the "unchecked rise" of associations after deregulation comes as no surprise (Dugard 2001; Kumar and Skaperdas 2008). Therefore associations came to be the sole authorities in their geographical location where taxis of their members operated. Thus, it can be said that they acquired a 'rule-making role" in their respective areas in the legitimate business of the taxi industry. The violence that also came to be associated with associations also needs to be understood in this context. An increase in permits issued led to fierce competition and those that threaten to infiltrate the sphere of influence of one association were met with violence. The theories on organized crime are useful to understand the emergence organized violence that has come to define the taxi industry.

Approaches to formalizing the Informal Transport System

Informal transport plays a key role in many developing countries where the government has not had capacity to provide reliable transport to citizens or has reneged this responsibility due to reasons that vary depending on the country. Moreover, it provides jobs to low skilled people through employing drivers, queue marshals, and indirectly through car washers, self-employed street vendors, and mechanics. South African minibus taxis play this role through the use of 16-seater taxis that operated on designated routes which are regulated by taxi owner associations. Despite this important role, the organization of informal transport has led to problems such as congestion, pollution, un-roadworthy vehicles and reckless driving amongst others. The BRT has been proposed as a solution to address these problems. A historical account of the rise of the taxi industry sheds light on how some of these problems are generated in the third section. There are different ways in which the reform may be achieved. The main goal however is to either displace or integrate paratransit operators through formalization (Schalekamp 2017).

Thus, BRT proponents tout it as a solution to the increasing problems that informal public transport produced and a key to creating a "world class city". BRT is argued to be a system that makes all stakeholders better off. The National Department of Transport (NDOT) calls this a "win-win-win" solution. According to this notion, set out in NDOT's Action Plan (2007), a "win-win-win" solution to transport challenges in Johannesburg would be through the implementation of integrated transport networks like the BRT, and the result should be a breakthrough for operators, drivers (labour) as well as commuters and the government. The Action Plan (2007: 82) states that this will be done through "improving working conditions, training as well as maximizing the opportunities for entities that are women-owned, Black-owned, special needs-owned and small businesses". In terms of operation the BRT's operation model is structured as a Public-Private Partnership. This partnership is characterized by a joint venture between the private sector and the government for delivering a particular public service. In this case, the partnership was going to be between the City of Johannesburg and the corporatized taxi industry. Therefore, according to the city, this approach to formalize part of the taxi industry would yield a "win-win-win" for all the actors involved. Such an overly positive account of the BRT goes against international experiences of the BRT and under-appreciates the history of the government and the taxi industry characterized by lack of trust. Experiences of BRT in Dar Es Salam and Bogota which also have a PPP operation model have revealed that the BRT can lead to tensions with incumbent taxi operators on their future and the future of their drivers in the urban transport sector. These threats also remain in the implementation of the BRT in South Africa, especially as the taxi industry is regulated by taxi associations. The BRT threatens to take some of its members and may present competition in certain routes. Hence the notion that it is a win-win-win intervention is contested. Chapter 6 unpacks the concept of PPPs in detail, with examples from other sectors to help us understand whether they have been useful in the provision of public services and BRTs experiences with them.

There are different approaches in which paratransit operations can be reformed, and these can be categorized across a spectrum depending on their objectives and outcome. The first one that can be identified is the comprehensive incorporation into regulated public transport systems, also known as full-BRT. According to Schalekamp (2010) proponents of this approach argue that paratransit operators must form cooperatives that will then form BRT operating companies which can compete through tendering to operate the BRT. BRT's main characteristics are set out in the BRT Planning Guide by Wright and Hook (2007) from ITDP. They include segregated bus-ways in the middle of the road, an integrated network of routes and corridors, special stations to house commuters and facilitate pre-board fare collection and most importantly, it is a closed system. This means its' operation is restricted to the contracted operating company, (Schalekamp 2010; Wright and Hook 2007).

The second approach of paratransit reform involves upgrading the existing paratransit operation through a phased in process that is eventually directed towards a full-BRT system. What distinguishes this approach is its flexibility on the outcome. It does not necessarily imply the replacement of paratransit operations, but rather leaves paratransit operators with the opportunity to opt out and continue in their old operations during the negotiations. Like the first approach, the first phase involves corporatizing operators, and secondly a central fare collection system is set up and managed by a separate company. Schalekamp (2010) emphasizes that it essential operators understand that they are not being cheated of their money for a smooth transition to occur. This is where most of the delays stem from in implementation. Some incumbent informal operators have resisted the system as it did not seem as a lucrative alternative to their traditional way of generating revenue.

In this system, operators draw income from compensation and operating the new improved system, and then move towards collective ownership of the fleet. It should be noted however that agreeing on the appropriate compensation fee with former operators has also not been a smooth process in the reform process. Examples from Bogota (Paget-Seekins, Dewey and Muñoz 2015) and South African cities (Behrens, Mccormick and Mfinanga's 2016) that will be discussed in this chapter provide evidence of these experiences. Over time, the fleet will then be improved to match the demand and prepare it for a BRT programme to operate alongside existing bus operators. The approaches help one understand the BRT's characteristics and serve as a guideline to governments, however their outcome is largely dependent on the context in which the project is being implemented.

Attempts at formalizing the Taxi Industry

Regulation of the informal sector is often pursued to increase the government's authority and to legalize operations of the enterprises in the sector with the aim of solving the problems they generate. As Devas (2004) argues however, the idea of legality is multidimensional. Legality may refer to legal recognition, which is was Fourie (2003: 27) calls “becoming legal”. It also refers to legality in terms of paying taxes and upholding labour standards- “being legal”. Regulation poses a serious challenge to the government as it may be met with resistance from informal operators that have sustained their operations through the exploitative labour practices and inadequate safety standards. In some cases, as Devas (2004) argues, formalization involves the relocation/ displacement of informal traders from their places of operations and this affects their profits. In the case of the South African taxi industry, formalization poses a complex challenge as there are associations that provide semi-regulation to the informal transport sector and extract rents through for its provision. Thus, any form of regulation poses a threat to the associations’ revenue.

The Taxi Recapitalization Programme

The South African government has however attempted to regulate the taxi industry through the TRP as per the recommendations of the National Task Team in 1996. Its’ main focus was on replacing the old un-roadworthy vehicles in the taxi industry with new 18 -35 seater vehicles called New Taxi Vehicles. The NTV’s had an electronic management system that would assist in the realization of other objectives of the TRP. These included institutionalization of the taxi industry, registration of taxi operators with the South African Revenue Services, fare collection and safety monitoring systems. Such an ambitious programme could not be implemented without the support of the taxi industry, thus the government facilitated the creation of South African Taxi Council, (Sataco) in 1998. SATACO emerged from a summit that was organized by the National Department of Transport. The relationship between Sataco and the government was established as part of the TRP’s communication strategy to facilitate and agree on how the TRP could be implemented (Mashishi 2010).

Part of the TRP’s implementation also included the establishment of a National Transport Register (NTR) and a Provincial Taxi Register (PTR) that all taxi owners had to register to in order to qualify for of their old vehicle for a scrapping allowance. Furthermore, the registers would increase the enforcement capabilities of the government. The registered taxis would be monitored for adherence to speed limits, roadworthiness, and drivers be checked for a valid driver’s license. The installation of the Electronic Management System assists in collecting some of this information. Moreover, the EMS would provide information on routes, driver working hours, as well as facilitate fare collection using a smart card (Mashishi 2010). The implementation of the TRP ran into a number of problems, however. According to Behrens, Mccormick and Mfianga (2016) the TRP elicited the most negative views from taxi operators on the regulatory system. The problems raised in relation to the TRP were financing, the scrapping allowance, and its implications for the future of the taxi industry.

The NTV's proposed for the new system cost more than the 16-seater taxis that were in use and thus the government proposed a scrapping allowance of 20% to purchase the vehicles. However, Sataco argued that this was not enough and argued that the scrapping allowance should be 30%, with a 20% upfront subsidy to the industry (Dugard 2004). Other implications that came with the TRP were the higher maintenance costs of the NTV's due to their size and advanced systems hence the proposed subsidy which government could not concede to. One can also argue that the implications for the EMS's monitoring system seeks to replace much of the services which associations draw much of their rents from. Thus, this presents a serious conflict within the TRP and threatened some associations. This may account for the emergence of a splinter group during the implementation of the TRP which was called the National Taxi Alliance, (NTA). The NTA was formed in 1999 and it claimed that it was the real representative of body of the taxi industry. Dugard (2001) also argued that the NTA formation was a move by mother bodies that used violence to sustain their business interests, whilst another reading of the splinter group saw Sataco as a self-appointed group that sought to advance interests of particular individuals in the taxi industry (Business Report 2000). According to this view, the taxis that would be withdrawn under the TRP threatened the livelihoods of taxi owners that did not have representation within Sataco, hence taxi drivers protested in February 2000. Such disagreements played themselves through violent clashes. The National Taxi Driver's Organization, (Natdo) also embarked on countrywide protests against the TRP, whilst Sataco's relationship with the government and its claim to be the voice of the industry did little to pave the way for a peaceful implementation of the TRP.

Some of the issues that hindered the smooth implementation of the TRP continue to be obstacles to attempts at regulation of the taxi industry as one will see in the next section on the BRT. However, the issues about representation seem to have been resolved as the City invited both SANTACO, and the NTA to discuss the BRT. SANTACO was formed in 2001 at a national conference of all representative structures (regional, provincial councils) and a united body that represented all operators was formed in the South African National Taxi Council, (SANTACO). Today however, there are two main bodies that represent the taxi industry, and these are SANTACO and the National Taxi Alliance. Whilst the former receives a subsidy of

R7 million from the government, the NTA does not and this can be seen in utterances of Comfort Lekgoathoana who said “We are like the unwanted kids of the taxi industry. We fully understand that SANTACO was founded before NTA, but we are all serving the same purpose now. We also need the financial back-up to make things easier for us”, (Chauke, 2018). In one of my interviews, former consultant to the taxi industry for the BRT project, Bongani Kupe also elucidated the relationship between the NTA, SANTACO and government. He stated that:

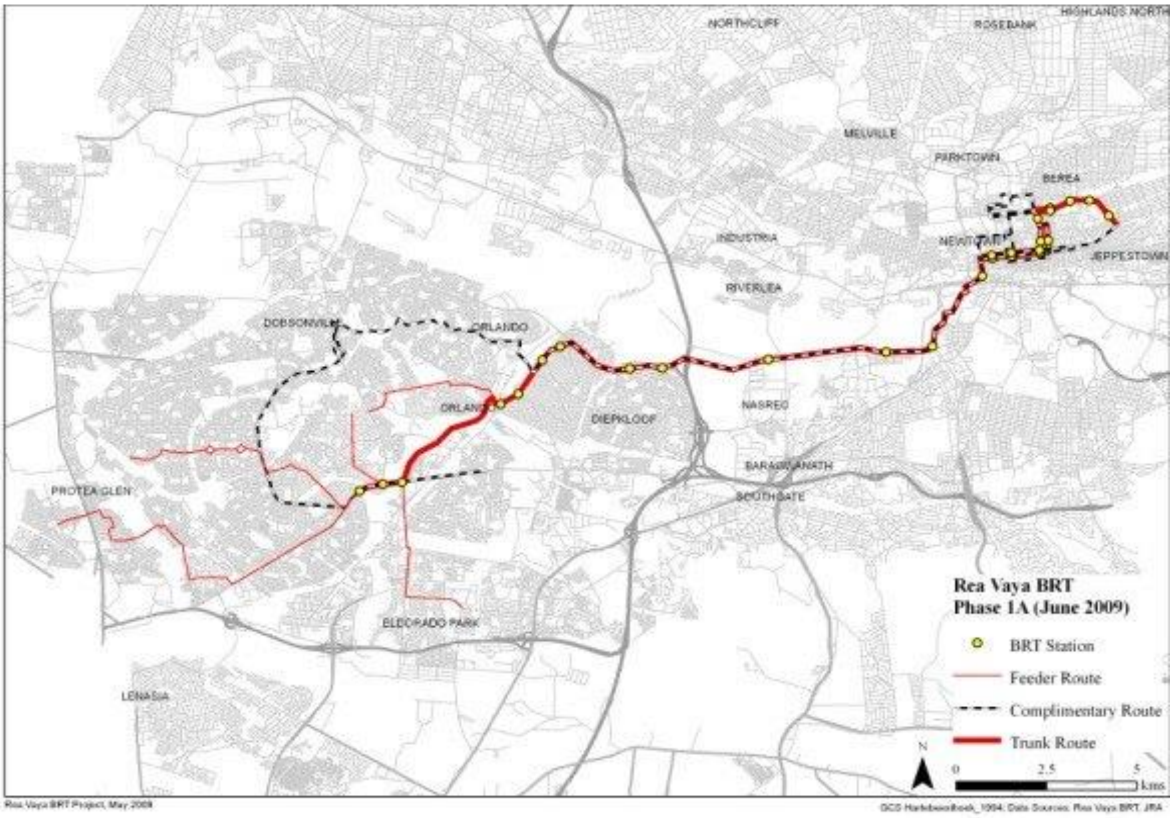
> Both these structures [NTA & SANTACO] are national this one is recognised by government [Points at SANTACO], this one [NTA] is still fighting for recognition from government, (Interview 01, 28 June 2018).

In an effort to consult representatives of the taxi industry in relation to BRT, and to try address challenges that the TRP encountered, the City invited representatives of the taxi industry to study tours in South America as suggested by the BRT Planning Guide (2007). This was preceded by a stakeholder analysis, which is the process of identifying key stakeholders in the transport sector and understanding their interests and views on the BRT. The BRT Planning Guide (2007) was developed by the Institute for Transport and Development Policy (ITDP), a Washington based NGO. The BRT Planning Guide details how a government should go about with implementing the BRT system from beginning until the first bus is rolled out. ITDP is one of the organizations behind the study tours taken by officials from countries that plan to implement the BRT (Rizzo 2017). These study tours were also done in order to let the representatives engage stakeholders from other countries about the BRT and for the City to take lessons for its own implementation.

The Bus Rapid Transit Network (Phase 1A)

The South African Cabinet approved the Public Transport Strategy in 2007, and the Action Plan that details how the strategy would be implemented was also approved in the same year, in March. The City of Johannesburg was one of the cities the Department of Transport engaged with to plan their implementation of the Action Plan. Led by former mayor Amos Masondo, and Mayoral Member of Council for Transport, Rehana Moosajee, the City began its work on Phase1A the *Rea Vaya* as it is called. The system would be rolled out in three phases. According to the End Term Report (2011), Phase 1A is the original trunk and it runs from Johannesburg’s CBD to Thokoza Park in Soweto, with feeder routes around Soweto and a route in the heart of the City. This is the phase this study is focused on. Phase 1B is the second trunk route and it runs from Noorgesig in Soweto the through University of Johannesburg, Auckland Park Campus and into the City's CBD. It was rolled out in October 2013. The third trunk route, Phase 1C is currently under construction and will run between Parktown and Sandton. Figure 01 (page 40) is map of Phase 1A of the Rea Vaya.

Figure 01: Map of Phase 1A of the Rea Vaya



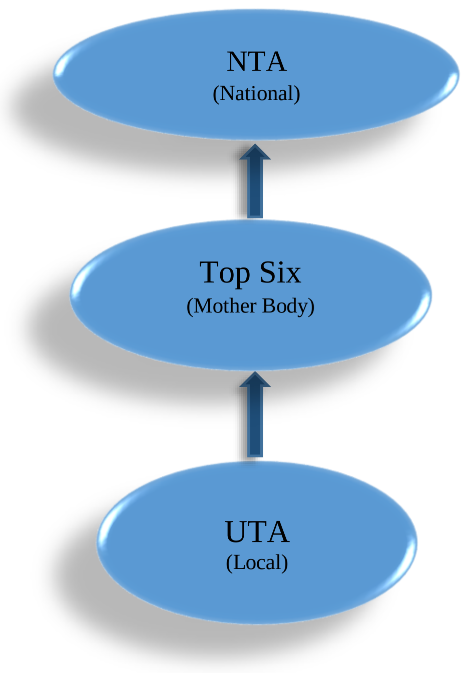
Source: ReaVaya.org.za 2018.

The City hired Bongani Kupe as a consultant to the taxi industry as he was one of the people who knew it well. In addition to hiring a consultant, the City identified routes that would be affected by the implementation on Phase1A and the associations that regulated them. According to Rehana Moosajee, the City identified four associations that would be affected but however through the help of technocrats the number was increased. In her interview Moosajee stated that:

> Initially the City had set the number of four associations but the technocrats pushed back and said actually it was ten associations for Phase 1A but the full Phase 1 (A, B and C) was potentially going to affect 18 taxi associations. The industry had to form themselves into a high-level steering committee of the

industry but under that was a broader community that had two representatives per association, (Interview 03, 25 August 2018).

As stated, UTA was one of the associations its routes was going to be affected in Phase 1A of the Rea Vaya and therefore it useful to briefly explain its organization and how it was represented in consultations with the City about the BRT. The association is the primary organization in the taxi industry and it is constituted by taxi owners. Taxi owners elect some of their members to the executive and it is through this executive that the City engaged with associations. The association operates at a local level and is under an umbrella body or mother body called the United Taxi Associations Forum (UTAF). As stated in Chapter 3, UTAF emerged during the introduction of BRT and consisted of associations that rejected the BRT. Therefore, for purposes of explaining the structure of the representatives from the taxi industry, Top Six will be used as opposed to UTAF. UTAF and Top Six are both nationally affiliated to the National Taxi Alliance (NTA). The chart below explains the levels of the taxi industry that were consulted. Figure 2 (below) shows the levels of organization in associations



Taxi Industry Negotiation Team

Top Six Management is one of the organizations that formed the Taxi Steering Committee (TSC) alongside the Greator Johannesburg Regional Taxi Council, (GJRTC) which is nationally affiliated to the South African National Taxi Council (SANTACO). Top Six

Management is also mother-body and thus consists of loose of alliances local or primary and long-distance associations (Dugard 2001).

Underneath the TSC, there was a technical committee. The technical committee discussed technical matters with the help of the technocrats, and it reported back to the TSC, where the executives would then take decisions. The Technical Committee had Chairpersons, but later four representatives from the affected affiliates were added (End of Term Report 2011). Furthermore, under the Technical Committee there was a structure called the Seven-Seven, which was constituted by the executives of the associations. The Seven-Seven was on top of a structure called joint meeting which included all members of the affected associations in Phase 1A.

Figure 3: Hierarchical structure of the Negotiating Team

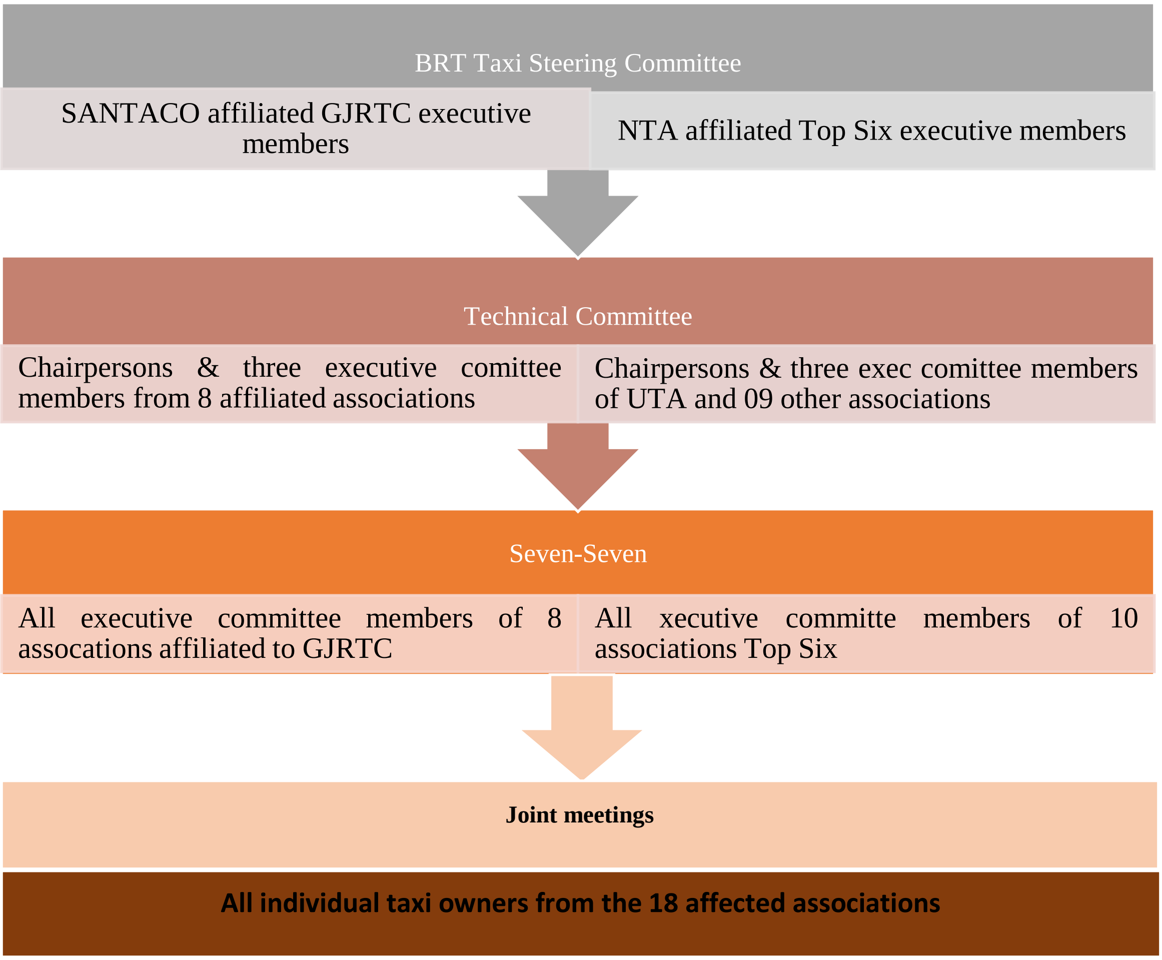


Figure 3 illustrates the structures that were involved in the negotiations for Phase1 of the Rea Vaya. As one can see at the level of the Technical Committee, Top Six had more associations (ten) whilst GJRTC had eight associations. The associations were united through these structures and spoke with one voice, however the columns are useful for understanding the affiliation of the mother bodies and associations. Mr Kupe explained how the consultations were carried out to lobby the taxi industry. He recalled the following:

> I had more than 200 meetings, what we do you first talk to the top guys [GJRTC & Top Six] and say call your executive then after the executive is called the management of each association and only then you can call all members of the association because if you have not convinced the top guys forget (interview 01, 25 June 2018).

From this approach, it seems that the City went into the consultations as a token, and to try and convince the taxi industry about the BRT, as opposed to understanding its views and interests to yield meaningful collaboration. This approach, the underlying mistrust between the government and the taxi industry as well as the heterogeneous interests within the associations proved to be obstacles to successful engagements with some associations.

Factors that influenced the Consultation Phase

Lack of a strategy to select joining operators

The City had intended to bring in associations as collectives into Rea Vaya through a process that selected the routes where the system would operate, the number of buses that would operate in it, and the corresponding taxis that would have to be withdrawn from that route. One of the officials who was in charge of implementing the agreements from the negotiations in Phase 1A and a technical expert hired by the City and the Taxi Industry explained the process determining the number of taxis that had to withdraw from the routes in their respective interviews.

The technocrat stated that:

> Based on the route and based on the number of buses that are being brought into it…So if you are bringing in one bus, you would have common knowledge that one bus carries 100 passengers for example and one taxi carries 15 people. So, one bus can carry five or six taxis for example. So that is the technical method that we used to calculate if you have so many busses, how many taxis would be affected in that route, (Interview 03, 21 August 2018).

In another interview, an official from the Johannesburg Road Agency (JRA) said:

> We identified the routes where the BRT is going to operate, the City came up with a plan of how to improve public transport in the City, and then after

> identifying the routes we checked who operated them. Then after understanding the operations we called the taxi industry, and the bus industry, (Interview 04, 06 September 2018).

Of the eighteen affected associations, seventeen of them, with the exception of Faraday Taxi Association which rejected the new system, embarked on a study tour to Colombia in August 2007. On their return, discussions began with the pre-negotiations which were a preparation for the formal negotiations the City and the taxi industry about how some of the taxis operating on their routes would be withdrawn and the BRT buses would replace them. According to McCaul and Ntuli (2011: 05) “a preliminary agreement was reached between the City and TSC on the exact routes and ranks that would be affected and the corresponding number of taxis that should be withdrawn from operation”. Table 01 (below) illustrates the breakdown of the number of taxis per association.

Taxi Association	**Total**
Soweto Taxi Services	181
Witwatersrand African Taxi Association	130
Nacefield Dube West Street Taxi Association (Nanduwe)	79
Meadowlands Dube Noord Street Taxi Association (MDN)	92
Diepmeadow City Owners Association	60
Bara City Taxi Association	13
Noorgeisg Taxi Association	9
Dobsinville Rooderpoort Leratong Johannesburg Taxi Association (Dorljota)	10
Faraday Taxi Association	6
Johannesburg Southern Suburbs Taxi Association (JSSTA)	5
Total	**585**

Source: End of Term Report, City of Johannesburg, 2011.

An important issue that was left out of this preliminary agreement was the process through which individuals that would withdraw their taxis were going to be selected. One of the former taxi owners from UTA stated that

> My association [UTA] was allocated over 100 taxis to be removed. Now you must understand that if an association has 2 00 taxis for example, and just over 100 taxis are being removed, who will get in and who will be left out? Another

> dynamic was that members had more than one vehicle.” (Interview 08, 10 October 20018).

When asked about the challenges he encountered in his role in implementing some of the agreements, an official also recalled that the main challenge was agreeing on who would withdraw taxis within associations.

> […] Who should withdraw their vehicles as per the agreement? In the negotiations they did not provide guidelines to say as an association you have got 50 members and 1000 vehicles, who should submit their vehicles…because of a limited space, the association had to choose people who would participate, (Interview 04, 06 September 2018).

This issue is important because it led to some tension between the taxi industry and the City. The latter did not have the strategy or flexibility to work with associations to withdraw taxis in a manner that was not divisive and would not exclude some operators over others. Whilst the City argued that individuals from associations should withdraw their taxis, which would have implied that some members would have shares in the BRT and continue to operate in the taxi industry, the associations put forth a proposal that enables it to retain some power as well control over its members’ taxis. The chairperson of UTA stated that the association put forth a suggestion on how the issue may be resolved but it was not taken up by the City.

Different interests between stakeholders

The association argued against individuals benefiting from the system, but rather put forth the suggestion that the vehicles that would be withdrawn by members from its routes- in return for be shareholders in the Bus Operating Company (BOC) which would operate the Rea Vaya- should be bought by the association. According to the Participation Framework Agreement, a taxi owner had to contribute R54 000,00 per share to become a shareholder and this money would be raised through selling or scrapping the taxis they withdrew (End of Term Report 2011). Each taxi valued at R54 000,00 represents a share and if the taxi is valued below this amount, the taxi owner would have to add so that the total amount equates to R54 000,00. The association therefore wanted to buy the shares from its members. However, the City did not see eye to eye with the taxi industry on this matter and the discussions broke down. The reason the City did not concede to the associations’ proposal may be that the intended outcomes of the BRT in Phase 1A was to formalize some part of the associations’ operations and thereby be under the regulation of the City in Phase 1A. However, this directly challenges the association’s power to extract revenue through membership fees paid by its members. That is, if the City's proposal threatened the associations power and ability to extract revenue. Hence its insistence to buy shares from its members to retain this.

The disagreement and breakdown of talks led to a splinter group that eventually mobilized against the BRT. This is not to say the views within associations were homogenous, however. There were some operators that had an interest in the BRT, however their views had to be supressed and be aligned with the association, lest they risk being expelled, or threatened. This is evident from an interview with one of the former taxi owners from UTA that had an interest in joining the BRT, but felt the association officials were not reporting accurate information of the project. In her interview, the respondent stated the following:

> […] they [leaders] were not telling us what the presentations discussed and members believed anything the leadership said, but fortunately I heard there was a BRT office in Johannesburg CBD, and the project was presented to me one on one, after that I joined (Interview 04 , 26 September 2018).

This shows that there were different interests even within associations. There were some members who are outsiders in the associations, like women and those members who do not occupy higher positions and do not feel protected by the association. For them, the BRT presented an opportunity to work in a better environment with less challenges in terms of maintenance and labour relations. These members pursued their interests by approaching the City in their personal capacity to join the BRT. On the other hand, the leadership and drivers had fears about the possibility to lose from the new system. For the former the introduction of formal organization of the business limits their ability to extract rents and for the latter, there are no certainties that they would get new better jobs in the BRT. This is was what Behrens, Mccormick, and Mfinanga (2016) called the "fear of the unknown" about the new system that shaped the association leadership and driver's interests.

The associations' rejection of the BRT gained momentum through the formation of Gauteng PRO's Forum, (GATEPROF). This was a forum that included Public Relations Officers from associations across the taxi industry and according one participant, GATEPROF warned taxi operators about BRT being a threat to taxi owner's livelihoods. The Chairman of UTA Mr

Sibeko[1] explained that the taxi industry felt that the leadership of the SANTACO and NTA had sold the taxi industry to the government. He stated that:

> STS, Baracity, DOLOGOTA, Deepmedow, MDM, NANDUWE and Faraday are some of the structures who played a role in the formation of GATEPROF which later changed to the United Taxi Association's Forum (UTAF), a structure that fought for recognition from government but was forced to choose between NTA and SANTACO, and we chose NTA, (UTA Executive Interview 23 October 2018).

The change from GATEPROF to UTAF was due PRO's lack of influence to spread the taxi industry's BRT anti-sentiments, hence Chairman's from the participating associations had to form UTAF, which had more legitimacy and power to mobilize the taxi industry. This is an important moment in Phase 1A negotiations as it led to the City speaking directly to taxi owners that wanted to participate in the system, without the knowledge or approval of associations as a way to bypass the associations' rejection of the system. One can note that during the negotiations, the issue of how individuals or associations might have a stake in the BRT proved to be one of the major points on which the interests of associations, some of their members, and the City deviated. Furthermore, the lack of engagement of UTA's proposal to retain its power through buying shares in the BRT left the association leaders feeling as if their views are not taken seriously and rendered the negotiations a symbolic exercise, rather than an avenue to exchange views and find solutions.

Mistrust between the City and the Taxi Industry

The negotiations also took place in a context of mistrust between the City and the taxi industry. The history of mistrust has been well documented by (Dugard 200; McCaul 1990). Behrens, Mccormick and Mfinanga's (2016) study on attitudes to regulation and reform by the government in Cape Town found that there was a perception from taxi operators that government was hostile towards the taxi industry and thus this influenced how the latter engaged with the government. One can also see the lack of lack trust in the City of Johannesburg's engagements with the taxi industry. In her introductory meeting as MMC of Transport for instance, some officials from the GJRTC did not attend the meeting, remonstrating that their attendance has been misrepresented as agreeing with the City's

[1] A pseudonym was used to protect the identity of the Chairman of UTA as discussed in the ethical considerations.

proposals when signing the attendance register. Furthermore, the introduction of City's Metrobuses into traditionally regulated taxi routes in 2006, caused tension with the taxi industry complaining that "you guys [the City] have built roads, you deem it fit to bring your Metrobuses into our routes and take food of our table", Moosaajee stated, (Moosajee interview, 25 August 2018).

The discussion on the attempts by the government to re-regulate the taxi industry highlights that the taxi industry is complex, with varying interests that the City has to consider in its in engaging it. The sections unpacked the interests and what is at stakes for different stakeholders in reform interventions like the TRP, and the BRT. Furthermore, the power dynamics between the stakeholders and their strategies to secure their interests is important as it may shape the trajectory of the entire project. Whilst the BRT was designed to remove taxis from some associations' routes through individual members, what transpired was that the UTA and some other associations rejected the BRT. This means that some individual taxi owners joined and participated in the BRT, however taxi associations continue to regulate their routes and their taxis operate alongside the BRT in Phase 1A.

Negotiations of Phase 1A of the Rea Vaya

According to McCaul and Ntuli, in June 2009, the City invited representatives from the affected to come forward for a process of negotiations to set up a Bus Operating Company, (BOC). The negotiations formally began the same year in August. Key issues covered in the negotiations were:

- Compensation of loss of income among affected operators in Phase 1A.
- A verification of the affected operators in terms of the participation framework agreement.
- Drawing up of a Bus Operating Contract.
- A fee per kilometre escalation fee
- Formation of Taxi Operator Investment Companies (TOIC's) for operators to become shareholders in the BOC.
- Discussing shareholder taking over the BOC in terms of operations and management.
- Employment of drivers and other employees of affected operators.
- Implementation of the Value Chain policy framework for Phase 1A.

The City and operators who showed interests in Phase 1A of the Rea Vaya, represented by the Taxi Negotiation Team, signed a Participation Framework Agreement (PFA) in January 2010. This agreement sets out the criteria for eligible operators to join Phase 1A. According to the PFA (2010), operators must have a valid operating license, and a registered vehicle with the official documentation belonging to the operator. The South African Police Service was mandated to verify that the operators meet these requirements. In the case where the submitted vehicle does not qualify as per the requirements, the PFA states that the operator will be eligible to submit another vehicle or another operator would be selected. The submitted vehicle's value was then agreed to be evaluated by a company called Tirhani Auctioneers for its market value. Once sold, the vehicle would be scrapped or auctioned to its' value and the operator has to subscribe for shares in the BOC through their TOIC which is represented by the number of taxis each association has been allocated to withdraw (PFA 2010).

This process of handing vehicles for scrapping was not only a challenge in terms choosing who would join in an association more than 300 members, but it also presented a challenge when paperwork had to be produced as part of the PFA. According to an official from the Johannesburg Road Agency,

> A lot of vehicles did not have operating licenses, but rather the operators had documents proving that they had applied for the license. And when we followed through, you find that the application is not linked to that vehicle, (Interview 04 06 September 2018).

This challenge also added to the slow progress of negotiations, in addition to the factors that have been discussed. The PFA further states that between the times the vehicle is stored or awaiting to be scrapped or sold, operators shall receive compensation for their loss of income. Another form of compensation would be payed to those operators who felt intimidated after joining the negotiations and therefore could no longer continue in the taxi industry. In the case whereby the money from the sale or scrapping is below the subscription fee of R54 000,00, the operator would be notified to top it off and subscribe for shares. However, if the proceeds from the sale exceed the R54 000,00, the operator shall receive the outstanding balance, (Negotiation Closure Agreement 2010). According to the Negotiation closure agreement (2010), the TOIC's must appoint a board of directors that will be responsible for managerial issues related to the TOIC. Furthermore, a shareholder representative team must be selected to gain knowledge from the interim BOC until the operations are transferred to the BOC that is constituted by former taxi operators.

The monthly compensation fee for each taxi agreed to was R5 500,00. However this fee drew a lot of criticism from the operators, they argued that it was low and tried to negotiate for a higher one. This efforts were not sufficient however and the fee remained at R5 500,00. One of the key informants who was part of the eligible operators to join Phase 1A of the Rea Vaya stated that:

> The City agreed to pay us a restraint of trade (ROT) for four years, and we negotiated a fee so that we have an income, and then after four years the company we would have formed [PioTrans] will continue paying us the ROT for the remaining eight years in contract. But there were so many promises made. We agreed to a ROT of R5 500,00 from a negotiated fee of more than R10 00,00 which is around how much I made per taxi. The City told us the value chain will augment the R5 500,00. Because R5 500,00 was too little. For us to agree, that is the promise we looked at, of which it was not fulfilled. It was a false promise. (Interview 05, 08 October 2018).

According to the Value Chain Policy, affected operators are supposed to receive benefits that enable them to get preferential procurement processes in Phae1A value chain opportunities. The value chain opportunities in Phase1A were cleaning and security services. A tender system would be used to select the qualifying company. In accordance with the Value Chain Framework Agreement, the company that qualifies for the tender must hire 60% of its staff from the affected operators or must be in a joint venture with one of the Taxi Operator Investment Companies (TOICs) formed by the affected operators (Value Chain Agreement, 2010). The agreement also emphasized that preference will be given to companies 100% owned by TOIC's. Experiences elsewhere in South Africa, in the City of Cape Town, share similarities with the Rea Vaya. In a similar study in Cape Town's BRT system called My Citi, Behrens, Mccormick and Mfinanga (2016:181) found that "the affected operators were firmly of the view that opportunities for participation in the service provision value chain had been completely closed off; that the city had ignored its own contract specifications…". The following chapter explores the outcomes of the agreements on some of the joining operators and UTA.

Conclusion

In this chapter I discussed the brief history and emergence of the taxi industry and attempts at formalizing it. The chapter disused the rise of associations and the role they play in the organization of the taxi industry. In this chapter I argue that the theories on organized crime is useful to understanding how taxi associations operate. This is useful for analysing the conflicts at play in government's attempts at regulating the taxi industry, and the interests that drive them in various points of the history of the informal transport sector. The main themes that were discussed in relation to the obstacles towards reforming the taxi industry can be grouped as varying interests within the taxi industry, mistrust between the government and the taxi industry, fear of the unknown, and financial implications of the regulation attempts. The chapter concluded with a section on the discussion of the agreements reached with the joining operators following negotiations with their representatives.

Chapter 5: Better off or worse off? The Taxi Industry and its' different actors post-BRT

The outcome of the Negotiations

Introduction

This chapter presents the findings from my fieldwork with participants from the City, leaders of the taxi industry, UTA, taxi drivers and other relevant key informants that played a role in the implementation of Phase 1A of the Rea Vaya. The interviews I conducted centred on how the outcomes of the Rea Vaya affected the participants' operations in terms of their business and working environment. The findings will be discussed in relation to the literature reviewed and the theory, i.e. the findings of this study will be put in conversation with existing research to enable the reader to understand how this study makes a meaningful contribution to knowledge. Moreover, the theories on organized crime inform the interpretation of these findings. That is, they assist in showing how the conflicts during the pre-negotiation and negotiation phase discussed in the preceding chapter have shaped the eventual outcomes of Phase 1A of the Rea Vaya. The chapter is divided into four sections. The first section is a discussion of UTA. It discusses how the association operates and how it was affected by the Rea Vaya in terms of its' membership and the working conditions of its drivers. Section two discusses outcomes in relation the operators that joined the Rea Vaya, henceforth joining operators and their former taxi drivers. In the third section, I discuss the setting up of TOICs and how they operate as well as how the joining operators generate income. The last section discusses how the City reneged on its promises and how this affected the joining operators. The argument that emerges in the interpretation of these findings is that the Rea Vaya has resulted in a loss for the stakeholders in and from the informal taxi industry.

Summary of key findings

The fieldwork has yielded some insightful findings that are discussed in detail below. Firstly, Phase 1A affected the associations politically. The advent of BRT divided the membership base of UTA. As a result, there were two factions. That is, the pro-BRT and the anti-BRT faction. In a bid to cement their authority and maintain power, the UTA rejected the BRT and expelled members that showed an interest in participating in its activities. Consequently, the loss of members led to a slight decline of taxis in UTA routes. This later changed though as UTA added more taxis to ameliorate the competition introduced by BRT. Such a move not only needs to be seen as the taxi industry trying to reclaim its traditional routes that have been flooded by BRT but one that aims to cushion the rents that are extracted and keep them at more or less in the same level they were before the introduction of the BRT. For the taxi owners that decided to join the BRT, their business environment has improved, and they no longer have to worry about maintenance and other issues related to the taxi industry. However, looking at their revenue reveals that there have seen a decline and they receive a restraint of trade (ROT) for each taxi they withdrew but it is slightly lower than the revenue that they made in the taxi industry. The ROT is a compensation fee that was agreed upon by the City and the taxi industry for their decision to leave it and join the BRT. Another important stakeholder interviewed were the taxi drivers that are still working in the industry. Some taxi owners that joined the BRT revealed that some of their former employees were excluded from the BRT due to not meeting certain requirements. On the other hand, the drivers currently working in the taxi industry have described how Rea Vaya negatively affects their earnings through loss of passengers. This also has implications for their working conditions which have become more exploitative due to increased competition.

Day to Day business of UTA

UTA is one of the biggest associations in Soweto. It was one of the associations that was invited to consultations and one of its representatives went to the study tour in Colombia and Ecuador. According to the assessment by BRT technocrats, UTA was among the associations set to withdraw taxis from its routes as a result of the roll out of BRT. It was on the list alongside ten other associations. UTA's routes run through Soweto to the Johannesburg CBD. There are also routes within Soweto for shorter trips.

The membership of the association consists of taxi owners. In terms of employment relations, some of the taxi owners drive their own vehicles and others with larger fleets employ divers. Each taxi owner has an agreement with their drivers about the method of payment for their salary. Whilst some drivers prefer to set a standard percentage of the amount to be deducted from the week’s earnings, others allow the drivers to use the week to make earnings for the owner and on weekends for themselves. In this sense, some drivers can be characterized as struggling self-employed entrepreneurs and others as exploited workers. For both groups incomes are usually low and do not include benefits. Moreover, collective organization and representation is weak. These arrangements are a source of fierce competition according to Behrens, Mccormick and Mfinanga (2016); Cervero (2000). In a bid to collect as much income as possible, drivers often compete fiercely for passengers, overload their vehicles, and sometimes operate on another association's route. The latter has contributed to taxi violence which has come to characterize the taxi industry.

The association votes for a new executive every four years. Nominations are taken from the members of the association and the executive in charge of running the day to day business of the association is elected. The association is responsible for regulating its routes and taxi ranks. Furthermore, the association has the duty of mediating disputes between the taxi owners and their drivers, as well as resolving complaints from the commuters. The former duty is however weakly enforced in some instances, and it is not uncommon for drivers to pocket some of the earnings for themselves, hence some owners use violence or the threat of violence to maintain keep their drivers in check. In one of the interviews with a former taxi owner from UTA the dynamics of the employment relations revealed:

> Participant 07: […] Sometimes out of seven (7) cars, only two drivers would bring their envelopes at the end of the week. The rest would tell me stories. Some would even ask for new parts for the taxi, only to sell them.
>
> Me: Did the association assist you in that case?
>
> P07: Not really [shakes head], they would just give the driver a warning. If the driver is expelled, you might find them working for another owner in the same association, (Interview 07, 26 September 2018).

This account clearly captures the nature of informality of the taxi industry through its weak accountability owing to lack of institutional of capacity. Furthermore, the exploitative conditions prevalent in the industry may be seen as one of the sources of some of the ploys created by taxi drivers to earn additional income. The taxi drivers operate on routes and taxi ranks that UTA has property rights to. In this study property rights is used to refer to ability of an individual over an asset, (Barzel, 2012). This means the individual has a right to use the asset, to earn income through the asset and enter into contracts with other individuals over the asset, and the right to transfer the ownership of rights to another individual. In this sense the associations have historically cemented their right to operate and regulate their routes.

The most affected route for UTA was in Soweto in one of the townships in which it operated. For the study, I managed to secure an interview with the chairperson of UTA through a contact I had. This interview turned into a focus group when some members of the executive also participated in it with me as the moderator. Some of the findings have been discussed in the previous chapter on how the BRT was presented and the interests that were at play in the pre-negotiation and the negotiation phases of the project. The following section can be seen as a continuation of those findings with a focus on UTA.

From Associations to Individuals: Unpacking the response of UTA to the introduction of BRT

The first issue that has emerged in the conversation with the association officials is one that the discussion with the City was mired with conflict of interest. The idea of individuals being invited to join the BRT and not the association was the main issue that caused the breakdown of talks between the two parties. This issue led to the expulsion of the members that decided to participate in the association. Mr Skhosana, chairperson of UTA recounted the association's decision in the following passage:

> The members that joined the BRT were expelled constitutionally. We have a clause in our constitution which says you cannot be a member of two organizations that ply the same route. We gave the interested members an ultimatum to either stay with us [UTA] or join the BRT. Some left, some remained with the association, (UTA Executive Interview, 23 October 2018)

Following this development, the association members that were expelled took the association to court in order to nullify their expulsion and continue to operate without intimidation. The findings in this part of the study were interpreted differently by the actors. At one point, the view of one of the expelled members was that associations wrongfully dismissed them, and this view was validated by their victory in court against the association. According to a former member of UTA:

> After the association realized some of our vehicles were missing from the routes, it expelled us and this was against what the municipality's laws which said we can be both in the BRT and the taxi industry. We even went to court and won the case to continue to operate. The national government was meant to help us gain re-entry into the associations and protect our cars but this never happened, (Interview 07, 26 September 2018).

On the other hand, the association has also claimed a victory of its stance and right of operation. The chairperson's remarks were also evidence of this claim. This contradiction may be attributed to the conflicting interests that were at the centre of this intervention and the violence that was generated by the process further highlights the strategies employed by some parties to protect their interests. Under such conditions of operations, one may expect that the introduction of BRT would lead to a loss of profits for the association. Although there is a lack of data to verify this information, the association officials confirmed that in terms of the passengers their taxis received in peak hours there was a noticeable decrease after the implementation of the Rea Vaya. This is largely due to the loss of members who joined the BRT as well as the use of Rea Vaya by former traditional taxi commuters.

One way to attempt to verify this change is through looking at the number of members the association lost due to the BRT. According to one of the members who is now a shareholder in the BRT, about fifty-eight (58) members left the association to join the BRT and from these members, one hundred and twenty-two (122) taxis were withdrawn. Each taxi contributes about a daily fee for services offered by the association. One of my key informants stated that the fee was R10,00. Annually the figure of 122 taxis is about R445 300,00. The same calculation can be done with members who contribute through renewing their annual membership fee that is currently R 50 000,00. Therefore 58 members collectively equate to R2 900 000,00. Taken together, these figures are helpful to trace the magnitude of the loss the association experienced after the implantation of the Rea Vaya.

Following this development, however, the members were replaced to cushion the impact of the new competition and loss of revenue due to decreased membership. One of the former members was of the view that the association has managed to recoup some of the losses made by replacing them with new members.

> Our [Former taxi owners] departure did not affect the association that much. In fact, they added more members but right now I was informed that the association is trying to limit the number of taxis per member because the route is overcrowded. The members have rejected his proposal, (Interview 07, 23 October 2018).

Such a move by the association needs to be read in relation to how it has come to generate most of the revenue. That is, from the protection of property rights, and the extraction of rents for this service through the use of squad cars through its membership base. However, the move also affects the association members differently. As the number of taxis increased back to the same level as before the advent of BRT, one must keep in mind that some commuters changed their mode of transport to the BRT. Therefore, the same number of taxis competing with a new competitor in addition to other modes of transport can be expected to negatively affect the earnings collected by taxi drivers daily, and consequently taxi owner's revenue. Thus for the association bosses, there was an incentive to keep increasing the number of members as the joining fee to be a member of an association is R50 000,00 and it increases and is renewed annually. On the other hand such a strategy is detrimental to the taxi owner's revenue and the working conditions of drivers as it exacerbates competition.

The outcome of Phase 1A can thus be summed up as what Behrens, Ferro, Golub (2016) call a hybrid system. In this type of hybrid system, the informal taxis operate parallel to the BRT which has dedicated lanes and infrastructure. In theory, under this system, the two services are supposed to operate in a complementary manner, with the taxis serving local demand whilst the buses provide long distance services. This system does not operate in reality, however, and South Africa is a good example in this instance. The relationship between the two forms of transport is far from complimentary, rather it is competitive and it is commonplace for some taxis to use the segregated lanes dedicated to BRT to escape traffic sometimes.

Unlike in South Africa where the outcome was unintended. The parallel hybrid system in Dar Es Salam was a deliberate strategy by the government. This was a strategy born out of competing interests as well. The Prime Minister's office in charge of the implementation of DART and the World Bank, where the Prime Minister wanted to prioritize local actors to operate DART whilst the WB was arguing that the project should be opened to tendering for international companies to compete for the contract (Rizzo 2017). Like the outcome in this study, the DART buses are directly competing with the dalaldala buses. This was a decision that was taken to protect the daladala bus drivers as the DART was only introducing 76 buses and this number could not accommodate 1 651 bus owners that DART would displace (Rizzo 2017). In the long run, however, a hybrid parallel system (whether deliberate or an unintended consequence) defeats the main purpose of BRT of giving exclusive rights to BRT buses so they can compete for the market. On the contrary, the system ends up competing in the market with an already saturated informal transport system. This has negative implications for the working conditions of the taxi drivers who are already working under exploitative conditions. This emerged more clearly in speaking with taxi drivers from UTA. Speaking to me about their job and experiences with the BRT, one of the drivers, Mr Masuku, had the following to say:

> I left home to come to be a taxi driver because we were living in poverty. I had to make a plan. I came to Johannesburg, and I gave the owner I found then my license. I have been with the association ever since. I can tell you that the BRT has caused many problems for us [drivers]. It is always right, and we are always wrong. That is why the police stop us every day, even when we are rushing to take people to work, (UTA drivers, 18 January 2019).

The drivers argued that the police set up roadblocks during peak hours deliberately to harass them. In turn, this discourages commuters to use taxis because BRT has its' own lane and thus does not experience any traffic. Another taxi driver argued that their relationship with commuters and motorists is strained due to the lack of infrastructure the city provides for the taxi industry, whereas the BRT has its own dedicated infrastructure. He stated

> […] *uma umuntu ecela ukwehla esihlahleni, kumele umehlise, uma umutnu ecela umehlisa kwakhe kumele umehlise*. Doing this makes other drivers because it takes up space and they start calling us names, and then when we respond it paints a bad picture of taxi drivers, commuters get scared… (UTA taxi drivers, 18 January 2019).

The drivers seemed to agree that the government and police officials have been biased against the taxi industry in terms of infrastructure and being targeted for roadblocks during peak hours. These issues taken together are argued to disincentivize people from using taxis and to go to the BRT. This is reflected in the decrease in the amount of earnings taxis make per day. One driver stated that "a *Siyaya* 15-seater that used to make more than R500,00 on a bad day now makes R250,00", (UTA taxi drivers, 18 January 2019). This means that the taxi drivers to work longer hours in order for them to get a decent percentage as their salary.

The BRT has also affected drivers when it comes to events hosted at Soccer City and Orlando Stadium. During such events, be it concerts, or big soccer matches, the taxi drivers stated that the routes they use get closed off, especially when it comes to Soccer City. Thus, commuters have to be dropped off far from the venues and this also makes them opt for the BRT which has right of way and stations next to the venues. Mr Zungu who began working for the association in 2002 said "there is a route that was called Pat Mbatha, it is now only used by their [BRT] buses. This route was very useful for getting people to the stadium and to town", (UTA taxi drivers, 18 January 2018). In sum, the conversation with taxi drivers shows that they have a negative perception of the BRT. Furthermore, they attribute a lack of support by the government in terms of infrastructure and deploying police for roadblocks to its broader strategy of disincentivizing passengers to look for a better option in the BRT. Their working conditions have thus been negatively impacted by the advent of BRT and this is evident in the lower number of passengers they transport per day, forcing them to work long hours and drive at high speeds, under exploitative conditions to make ends meet.

It is thus cogent that the Gauteng Provincial Household Travel Survey (2013) found that the highest transport related problem in the City of Johannesburg according to households was reckless driving by taxis at 12.3%. This statistic may be related to another one from the NHTS-GP (2013), according to which the highest factor that influenced the choice of mode of travel was travel time across all districts in Gauteng, with Johannesburg at 36.6%. This is followed by travel cost-27.4% and flexibility at 10.4% respectively. Therefore, the competition between BRT and the taxi industry is literally a race of who can get commuters to their destination faster. In this race, the BRT receives the added advantage of exclusive lanes. The working conditions in the taxi industry and introduction of a new competitor may have influenced some of the drivers to consider joining the BRT, despite the dangers of doing so, owing to the negative stance taken by associations towards its roll out.

Examining the ‘winners’: Contraction of Employment Opportunities

Many of the taxi operators who saw an opportunity in the BRT had employees. The BRT’s Employment Framework Agreement (EFA) between the City and the affected taxi operators set out the principles that will guide the retention and creation of employment through BRT driving positions and its Value Chain services. One of the participants stated that the City had stated that some training would be provided for qualifying drivers to be eligible to drive BRT buses. However, some drivers were excluded from the process and as a result, lost their jobs.

One participant explained the process of former taxi drivers joining the BRT. She stated:

> Most of the drivers had code 10 licenses, and according to the requirements, a code 14 license was needed for them to join BRT. Taxi owners had to submit their driver's details (nominated an employee) and they would undergo training to upgrade their licenses. I had four (4) drivers and submitted their details to the City but there was no feedback. Only one of my drivers joined because they had a code 14 license already, (Interview 07, 26 September 2018).

Other former employees from the taxi industry like queue marshals, and excluded drivers that did not qualify sought employment opportunities to provide cleaning and security services in the Rea Vaya stations. However, due to the urgency with which the project was being implemented many of the people that were employed in the taxi industry through the operators that joined in Phase 1A were excluded from employment opportunities. This despite the commitments set out in the Employment Framework Agreement (EFA) that Rea Vaya will create employment opportunities and will be employment neutral. That is, it will commit to creating equal the number of jobs affected by the withdrawal of the five hundred and eighty-five taxis (585) from their respective routes. Section 2.2 of the EFA (2010:04) states that:

> The parties acknowledge that as a result of the removal of 585 minibus-taxi vehicles owned by the final affected operators from the routes affected by Phase 1A 585 jobs will be lost. Accordingly, in order to realize the objective of Phase 1A being employment neutral 585 employment opportunities will be created.

Despite this commitment, the agreement acknowledged that only about 200 buses are expected to operate in Phase 1A. This left some of the former taxi drivers to compete with residents from communities in which the Phase 1A operated and the employees occupied for the interim services that operated during the negotiations. According to one participant, due to the political climate at the time, the limited employment opportunities and the requirements needed to join the BRT, the excluded former taxi drivers tried to go back to the taxi industry. "Other drivers were scared for their lives and did not have the code 14 license so they went back to the industry" the participant stated, (Interview 08, 05 October 2018). In this sense, contrary to what the Public Transport Action Plan, (2007) stated, the BRT did not yield a win-win-win outcome for labour. It led to the loss of jobs. This experience where actors from the informal sector are worse off after the implementation of a BRT system that was claimed to make them better off confirms the findings of similar studies by (Paget-Seekins Dewey, & Muñoz 2015; Schalekamp and MacLachlan 2016; Rizzo 2017).

Paget-Seekins Dewey, & Muñoz's (2015) study focuses on the outcomes of the formalization of informal urban transport systems in South America. A case study of Bogota in the study found that companies from the old informal transport sector found difficulties transitioning into Bogota's BRT called TransMilenio. Like the Rea Vaya, TransMilenio operates on a concession system in which the public authority tenders the system to be operated by a private company. Although the government stated it would prioritize the companies from the informal sector, it had requirements of experience and starting capital that most of them lacked. Due to their inexperience and lack of starting capital these companies had to compete to find partners with these requirements in order to bid to operate the TransMilenio jointly.

Thus the result was bidding companies consisted of new companies and the companies from the old system. A close look into these companies revealed that despite over 90% of the previous operators being shareholders in the new companies, only one in four BRT operating companies was majority owned by the previous bus companies from the old system. Moreover, bus owners that operated on the informal companies' old routes were excluded in this process of formalization and therefore protested against the BRT. This prompted the public authorities to try and integrate bus owners as key stakeholders in Phase 2 of TransMilenio. These developments seem to support Paget-Seekins' (2015) argument that cities that implement the BRT formalize the existing urban transport sector out of business by creating a market for the purchasing of a bus service for large private international companies. In other words, the government role shifts from service provision to mobilizing funds, a form of entrepreneurial governance informed by the need to create world-class cities. This is often at the expense of local interests and livelihoods.

The conclusion Paget-Seekins, Dewey, & Muñoz (2015) draw from Bogota's experiences is that there has been a considerable increase in the regulatory regime in Colombia, and mobility has improved due to the TransMilenio. Despite this progress, however, they argue that the government has not created a regulatory framework that is capable of managing the problems associated with the new transport system and as a result cannot contain the emergence of consolidated companies dominating the system which results in no competition instead of competition for the market.

Elsewhere, Schalekamp and MacLachlan's (2016) had similar findings in their study of MyCiti (Cape Town's BRT system). Cape Town was one of the cities that implemented an Integrated Rapid Transit Network (IRTN) across the city in preparation for the 2010 FIFA World Cup. The IRTNs focused on upgrading both rail and road-based services. The BRT network was one of the road based transit networks that were undertaken by the city. The network is called MyCiti. Schalekamp and MacLachlan (2016) discussed the attempts at engaging the taxi industry in efforts to reform their operations. This study is particularly insightful as one of the authors (MacLaclan) was involved in the negotiation processes of corporatization and compensation. Furthermore, the views presented were verbatim accounts by the affected operators and associations from in-depth interviews.

In their article, Schalekamp and MacLachlan (2016) argue that the attempt at reforming the informal operators reflected a mismatch between policy and reality on the ground. Furthermore, there was a lack of understanding of the aims of the reform process by operators. Following the corporatization process which culminated into the formation of Vehicle Operating Companies (similar to TOICS), there were several issues that emerged. Firstly, despite the principles of the IRTN stating that taxi operators will be well off and the project will create employment opportunities, the taxi operators argued that the City of Cape Town had downscaled the operating contracts. This had negative implications initial projections of allocated kilometres, annual turnover, employment requirements, profit margins and return on investments, which all had to be adjusted downwards. Secondly, as in Rea Vaya's Phase 1A the value chain services that had been promised to the former taxi operators did not materialize as stated in the agreement. The findings of these studies re-enforce findings in this study and thus the conclusion drawn is that, in its current form, the BRT is anti-poor and destructive to informal taxi operators and drivers' livelihoods.

One might argue that overall it would be possible that the BRT has improved mobility of some poor and middle income residents and therefore is not anti-poor but rather affected some sectors of the taxi industry negatively. This is a fair argument to make. However, studies by Vaz and Venter (2012); Venter, Jennings, Hidalgo and Valderrama (2017) have shown that although it has improved travel time, in terms of travel costs it benefits middle income citizens and not the poorer users. As Venter et al. (2017:144) conclude the pricing system in BRT "could have negative impacts on equity, as it might price potential poor users off the system". Therefore, overall tracing the winners of the implementation of BRT reveals that poor sections of society were negatively affected by the system at the expense of private actors that exploited the business BRT brought. To make this proposition clearer, I discuss the findings from interviews with the operators that joined Phase 1A of the BRT. Their stories on how the Bus Operating Company for Phase 1A of the BRT called Piotrans was established and how they generate income are illustrative of how the BRT has eliminated some issues they faced in the taxi industry, but overall put them in a worse off economic situation than the one they were in whilst operating in the taxi industry.

'Negotiating in bad faith': TOICs and the Operational Structure of Piotrans

As stated, the PFA and the Act passed by the government in 2009 laid the foundation to begin implementing the agreements. The eligible operators formed Taxi Operator Investment Companies (TOICs) in accordance with the PFA and these TOICs subscribed for shares in the BOC. The number of shares that a TOIC has depends on the number of taxis that had to be withdrawn from their route. The former taxi operators from UTA formed one of the largest TOIC in Phase 1A with shares equivalent to the number of their taxis. The TOIC is one of the nine (09) TIOCs in Phase 1A. It has shares equivalent to the number of taxis withdrew from its routes within the BOC, Piotrans. Collectively, the shareholding of the TOICs is 100%. This means that the BOC is 100% owned by the former taxi operators who constitute the TOICs.

These TOICs had to elect representatives to negotiate with the City. A high ranking official from the Johannesburg Road Agency (JRA) explained in an interview that by law for the taxi operators to become shareholders they had to form TOICs. According to him:

> The TOICs were formed because the company's Act did not allow individual shareholding in a company to be more than fifty (50), therefore, the joining operators would have to form TOIC's through which they will hold their individual shares and the TOICs will subsequently subscribe to be a shareholder in the operating company Piotrans, (Interview 04, 25 September 2018).

In essence, this was a process of corporatization that was essential to enable the joining operators to operate the Phase 1A of the Rea Vaya and get their income by being shareholders to TOICs. The diagram in Appendix 01 illustrates the intention and outcome of the Phase 1A in stages, beginning with the transport system before the Rea Vaya (stage 1), its intended outcome (stage 02) and what transpired in reality, (stage 03 and 04).[2]

The Rea Vaya had to start operating in 2009, as South Africa had to have it ready for the 2010 FIFA World Cup. Thus an interim Bus Operating Company was put in place to run the operations until the negotiations between the City and the team representing the taxi operators were concluded. The interim company that was contracted by the City for the interim operations was Clidet 197 (End Term Report, 2011). Clidet thus entered into a BOC on behalf of the company that the taxi operators were yet to form and was responsible for purchasing the

[2] See appendix attached for an illustration of the intention and outcome of the BRT in relation to the taxi industry.

buses from Scania, and acquiring operating licenses. Clidet was contracted by the City and it was under the management of Bus Company called Metrobus.

Clidet designed and ran a programme to initiate representatives of the TOIC's to help them understand how to operate a company as per the Negotiation Closure Agreement, (2010). For the first four years, Clidet was running the operations and the representatives from the taxi industry attended various workshops and were invited to observe the day to day operations of the company. According to the Memorandum of Incorporation of Piotrans, each TOIC had to appoint a director(s) according to the number of shares it had. For each 10%, the TOIC would appoint one director. Thus, one of the TOICs called Asibambane, for example, appointed two directors and all the appointed directors formed the board. Elucidating the management structure, one participant stated that

> The Chairperson of the board had to be independent. Someone neutral, and not affiliated to any TOIC. The board then, in turn, appointed the CEO, and other senior staff. And then the TOICs had to come together and vote for two individuals to work with management and learn how the business is operated. This was important because it meant they could run the company should something happen, (Interview 08, 08 October 2018).

Asibambane was formed by some of the taxi operators from one of the associations from Phase 1A after their expulsion. For the first four years, the operators were paid the ROT which it was agreed to be R5 500. The ROT escalates at 6% annually. Therefore, it is currently R7 810,00 and is paid by Piotrans. According to one of the members of the TOICs, "the City agreed to pay the ROT as Piotrans had not yet built up its reserves to pay it out", (Interview 09, 08 October 2018). For each taxi surrendered, the shareholder received a ROT. This means that an operator that surrendered four (4) taxis as one of the participants did receive about R24 310,00. From the operators that have joined Phase 1A, there seems to be a consensus that the ROT is not enough. It is relatively lower than what they made in the taxi industry. The participants had the following to say about the ROT:

> Participant 09: As a shareholder, I am still getting ROT, […] *Malini konje?* [He shouted, "How much is it?" across the office to verify the amount with his colleague. After verifying he continued], […] yes, about R7 000,00, that is how I am living, it is hand to mouth, from this hand [gestures towards his hand] and then I am left with nothing.

> Me: So, is it less than what you were making?
>
> Participant 09: Far…far…far! Far less than the operation I was running in the taxi industry. […] So, I can just say the City negotiated in bad faith, (Interview 09, 08 October 2018).

Another member of the TOIC stated:

> Although I no longer have to worry about maintenance and the problems I was facing with my drivers, I feel that the City did not better us off in terms of the ROT and Value Chain. We were promised to be better off through the Value Chain, (Interview 07, 26 September 2018).

To illustrate the points made by the participants in the accounts above we can look at participant nine's income in the taxi industry and after joining the BRT. The participant owned ten (10) taxis. On one taxi he made R3 000,00 a week. This amounts to R12 000,00 a month for each taxi. If this figure is multiplied by ten, the overall total equates to R120 000,00. The amount made may not always be constant as the business in the taxi industry is unpredictable, and in some cases, part of it would be dedicated to the maintenance of the vehicles. Therefore, it should only be seen as an estimate. In the BRT on the other hand, the ROT is currently about R7 810,00. The former taxi operator donated two taxis to his brother and thus has eight shares. The ROT multiply by eight equates to R62 480,00. As one can see, the amount is slightly over half of what the BRT shareholder made in the taxi industry. This explains the importance of the value chain services that the City agreed to give to Piotrans should the joining taxi operators concede to such a low ROT. This is one of the examples that comes from a former taxi owner with one of the largest fleets. In other examples, taxi owners had less than five taxis and therefore they were worse off than other taxi owners with larger fleets such as the example mentioned above. This shows that even amongst the taxi industry, taxi owners and associations were negatively affected at varying degrees.

The unfulfilled promises of the Value Chain Agreement

The Value Chain policy introduced in the preceding chapter is one of the outcomes of the negotiations and it is set out in the Value Chain Framework Agreement. According to the value chain agreement, companies owned by TOICs would receive preference in terms of value chain services. The Rea Vaya had cleaning and security services which the affected operators could procure in order to elevate the income received from ROT. One of the affected operators who formed part of the negotiating team stated the following:

> "In the taxi industry I was making more than R12 000,00 a month, and I accepted the ROT due to the prospect of value chain services. In order to participate in the provision of services, Piotrans had to form companies that would be eligible to bid and provide cleaning and security services. Fortunately, one of the former taxi operators had a security company and he donated it in return for a position in the company. One of the former taxi operators explained that "the security company Mr Khumalo donated to us was meant to get these services", (Interview 09, 08 October 2018).

The security company, which was called Mzonguli could not qualify for the provision security services as it had been un-operational. This meant that the company had to be in a joint venture for three years to acquire experience and after this, it would qualify for the procurement of security services. Explaining the process and structure of the joint venture, one of the affected operators had the following to say:

> The company chosen was said to agree to give Piotrans a 30% stake and retain 70%. The name of the company was Enlightens and the agreement was that the joint venture would be for three years with a company called Enlightening. After three years, Piotrans would assume 100% of the security services. The cleaning services were downscaled by the City so it would be unsustainable to run the cleaning services looking at the expenses we had, then we only decided to focus on the security services. After three years, however, the City decided to give the security services contract to two companies called Hlanganai and Mabotwane for different parts of Phase 1A of the Rea Vaya, (Interview 08, 05 October 2018).

From the account above what emerges is how the City reneged on its agreements set out in the Value Chain Policy Framework. This was done firstly through downscaling of the cleaning services and thus this affected their viability and the decision by Piotrans to focus on security services. Secondly, though the City's decision to award the security services to other companies, despite a three year period of learning and skills transfer Mzonguli underwent as set out in the VCPF. Instead, Mzonguli has been contracted to security services at the depot where the company is responsible for guarding the buses.

The context of the City's decision needs must be spelled out to better understand the dynamics at the BRT. At the time the decision was taken, a Colombian company called Fanalca was in conflict with the Board of Directors of Piotrans over its future in Piotrans. Fanalca was contracted by Piotrans to facilitate the transfer of the Bus Operating Company from Clidet to Piotrans and to provide its skills and managerial expertise. This was in return for the possibility of being long-term partner and for shares in Piotrans. As McCaul and Ntuli (2013: 10) stated "the Bus Operating Contract Agreement limited change in ownership allowed to a non-controlling percentage (24.9 % of its shares) that may be sold to a suitability experienced operator approved by the City". Therefore, after the period of a year Fanalca was contracted for came to an end, the issue of its continuity as a partner and its stake in Piotrans led to conflict within the latter. Whilst some members of the board were of the view that Fanalca should continue as a partner, others vehemently rejected this proposal. In the end, Fanalca left the country and Piotrans has been 100% owned by former taxi owners. It is in this context that the decision to award the security services to Mabotwane and Hlanganani instead of Mzonguli was taken by the City.

A question that may emerge therefore is why was the decision to change service providers taken before the issue of shares with Fanalca was resolved by Piotrans? In whose interests was the City acting when it decided to overlook Mzonguli? To the first question, one might argue that the dispute over the future of Fanalca prompted the City to change its initial agreement since there was instability within Piotrans. However, this answer is not satisfactory as Fanalca left South Africa the same year it could not acquire shares. Therefore, there has been plenty time to rectify this decision as the company is now stable. However, the City has not done this and to this day the former taxi operators in Piotrans who are now shareholders continue to only receive the ROT which is less than what they were making in the taxi industry as already shown.

The accounts shared by the affected operators that joined Phase 1A of the Rea Vaya reveal how at one point the integration of the operators makes their lives easier in terms of removing the challenges that they faced in the taxi industry due to how it is organized. More importantly, it reveals how the BRT has put them in a worse off position economically and has excluded some of their former employees from the reform process. The offices in which the interview was conducted was meant to be headquarters of the security company but from observations, I could gather that business was not good. The office is staffed with a receptionist, and the two former taxi operators with their two offices that barely have furniture.

The accounts also help this study re-enforce the existing literature on the BRT and the outcomes it has generated and how these have affected existing transport stakeholders. The outcomes generated by the Phase 1A of the Rea Vaya reveal that the system has not yielded any major wins for the taxi associations, former taxi operators and some of their drivers. In fact, a closer look into their stories reveals that they are in worse off positions than before the introduction of the BRT. For the associations, the actors were affected differently but its membership was negatively affected. Moreover, the BRT exacerbated competition. This, in turn, has affected the working conditions of the taxi drivers who were already working under exploitative conditions. The operators that have joined the system are making far less than they did in the taxi industry, and their contract expires in five years. With no way to get back in the taxi industry due to falling out with former associations, their livelihoods have been put under threat as the contract to operate the Rea Vaya will be tendered to potential operating companies.

The case presented in this study is unique and offers some insights into the power dynamics that were at play during the negotiations and the implementation of BRT. The study is also timely in that I undertook it at a point where the BRT has been in operation for over half the twelve (12) years stipulated in the National Transport Land Act (2009). This allows one the advantage of not erroneously predicting outcomes based on theory and dynamics on the ground but to adequately trace the trends and developments from inception, until the current juncture. This includes analysing the dynamics from previous attempts at reforming the taxi industry, and not reading the issues that have emerged in BRT in isolation. This is essential to understanding the underlying issues that have generated the tensions that eventually became obstacles to successful reform of the informal transport sector. Through a thorough understanding of these issues and the interests, one comes to understand how each stakeholder may be affected if their interests are not safeguarded.

Conclusion

In this chapter, I argued that Phase 1A of the Rea Vaya has affected local actors from the informal taxi industry negatively. Using accounts by the actors themselves, I analysed how the different actors within associations were affected differently but overall negatively. For the individuals that are now shareholders in Piotrans, their income has declined from what it was in the taxi industry. In addition, the association lost its taxis, and this caused a decline in revenues. I also argue that the drivers are more exploited now that there is increased competition due to the BRT and other members of the association. In sum, the losers were local actors from the taxi industry and the winners were private corporations that were involved in the project. This is discussed in detail in Chapter 5.

The first section was a discussion of UTA. It discussed how the association operates and how it was affected by the Rea Vaya in terms of its' membership and the working conditions of its drivers. Section two discussed outcomes in relation the operators that joined the Rea Vaya. In the third section, I discussed the setting up of TOICs and how they operate as well as how the joining operators generate income. The last section discussed the City reneged on its promises and how this affected the joining operators. In the chapter that follows, I unpack some of the reasons why BRTs yield losers despite its promise of a 'win-win-win' outcome.

Chapter 6: Reviewing Rea Vaya's Business Model: Are PPPs useful for developing countries?

Introduction

Public-Private Partnerships are an instrument that has increasingly been used in developing countries where the government is facing challenges with regards to shortage of funds for provision of public services. PPPs are argued to bring in a financial boost alongside efficiency and less corruption in comparison to standard most projects by the government. Despite these arguments, PPPs have resulted in a decline in the quality of services in some developing countries and dealing with its inefficiencies has put pressure of government budgets as opposed to ameliorating expenditure and functioning efficiently. Examples of PPPs from different countries are explored and their model is used to show how some of its experiences are also shared by Johannesburg's Phase 1A of the Rea Vaya. In this chapter, I argue that the market based solution to public services promoted by international agencies through PPPs has generated outcomes that prioritize interests of international corporations at the expense of local actors. Thus, inefficiencies from their implementation have deepened inequality and this contradicts its proposition to yield win-win outcomes on all stakeholder involved.

This chapter begins by defining PPPs and unpacking their organizational model. In the second section, PPPs in different public services sectors are discussed. Although the nature of the PPPs from other sectors such as the healthcare differ, there are similarities which can be drawn and reading their implementation in relation to the BRT links its business model with global dynamics informed by neoliberal policy shifts. Having linked BRT's business model to an international context and the neoliberal policy shifts, I argue that the outcomes it has generated need to be read as also stemming from its institutional character as a Private-Public Partnership that is promoted as the solution to transport problems in developing countries by it advocates.

PPPs have been internationally promoted as the ideal institutional model to operate BRTs around the world. According to Rizzo (2017), the marketing behind this adoption is championed by international agencies like the Institute for Transport and Development Policy (ITDP) which publishes the BRT Planning Guide. ITDP is also at the forefront of BRT feasibility studies and studies on the BRT's impact. The World Bank provides the funding for some BRT projects and its' research.

In addition to being promoted by International Financial Institutions like the World Bank, Hall (2015) argues that PPPs are also promoted in intergovernmental bodies like the G20 and through international corporate events like the World Economic Forum where countries often go to seek 'investors'. These IFIs, G20 and other international governmental organizations with interests in PPPs all contribute in sponsoring publications from international consultancy, accountancy firms and think tanks that advice governments to adopt PPPs and in turn make profits for providing the required expertise to implement them. As Bayliss and Van Waeyenberge (2018) state, the legal, technical and financial advice related to the implementation of PPPs may go up to 10% of the project's costs. Although the institutional arrangements and organizations that undertake them may differ depending on the context, PPPs are a key institutional model of how BRTs are organized.

What is a PPP?

This model is characterized by a joint venture between a private company, and a public authority, (Hall 2015). The latter plays a role in providing the infrastructure of the service, and overseeing implementation of the project, whilst the former operates the service through an independent company. According to Bayliss and Van Waeyenberge (2018: 577) PPPs "usually take the form of a concession-type contract with variations in the requirements from the private partner in configurations of Design, Finance, Build, Operate, and Transfer of the infrastructure asset". Although the contract specifications vary, the public sector remains accountable and oversees the implementation of the service at hand. Proponents of PPPs favour them as they argue they are more efficient and innovative whilst they also yield returns to investors, (Rizzo, 2017; Bayliss and Van Waeyenberg 2018). In this sense, PPPs are a win-win solution to offer efficient public services and returns to investors.

Rizzo (2017) argues that PPPs have been a source of uneasy relations between the public and the private sector, where one of the parties loses and the other gains despite their promise of a 'win-win' outcome for those involved. The cases reviewed in the previous chapter have shown examples of the uneasy relations at the centre of PPPs and some of the outcomes they generate. Moreover, it showed how the organization of BRTs as PPPs represent interests of international actors at the expense of local actors as Rizzo argues. The following sections seek to unpack the emergence of PPPs and review an examples to draw out possible lessons for BRT. Two examples from Lesotho and Jamaica are discussed.

Understanding the emergence of PPPs and their rationale

So where do PPPs come from and why they have become so popular for service delivery? PPPs have been used in other public services sectors like education, and health in developing countries. Their rise is credited to the Thatcher government as a way to bypass budgetary constraints imposed by in the first phase of neo-liberalism which limited government borrowing. Thus, Hall (2015) states that the private sector came in as a solution through private finance initiative (PFI) and although the investment was to be paid by the government over a period of years it was classified as private and not public borrowing under accounting rules.

According to Rizzo (2017), in developing countries PPPs have also been useful as a means to bypass fiscal authority imposed by the Structural Adjustment Programmes (SAPs) in the 1990s. One can also observe the influence of this free-market thinking though the ideological posture of the apartheid government in 1985 in its move towards deregulation for 'free competition' with less regulation of the transport sector to invisible hand. This period was known as the Washington Consensus and it "involved a heavy attachment to universalist neoliberal ideology, with absolute commitment to the free market and the presumption that the state is a source of both inefficiency and corruption", (Fine and Saad-Filho 2014: 04). The imperfections of the market were soon revealed however, and the Washington Consensus gave way to the Post-Washington Consensus (PWC) in the 1990s. The PWC is more state friendly and allows for state intervention provided it would lead to some economic benefits. It focuses on correcting market imperfections that were created during the Washington Consensus and therefore should be seen as a continuation neoliberalism rather than a break from it (Fine and Saad-Filho 2014). This is how one can read the attempts to re-regulate the taxi industry by the post-apartheid government following its exponential growth and increase in violence related to routes. Thus, in the second phase of neoliberalism there is state intervention to manage the tensions generated by the first phase and the interests of capital (Rizzo 2017).

Jamali (2004) argues that in addition to the argument that states that PPPs are efficient, the context of the popularity of PPPs was characterized by an agenda pushed by the World Bank and the International Monetary Fund to shift the government's role to a more 'efficient' and facilitative one in favour of principles of liberalization and privatization. This despite the note by Ryan (2010) that some argue that the language of PPPs represents an alternative to privatization centred on mutual obligation and trust.

The different views on how a PPP can be understood show how contested the concept is. Regardless of how one understands it, however, it is uncontroversial to state that the rationale of PPPs is to leverage the strengths of the public sector and the private sector in line for common objectives. That is, the ‘partnershipness’ of this set up is derived from the mutual gains each sector is supposed to receive and the shared goals of the project. Looking at the experiences of the introduction and implementation of PPPs in developing countries reveals that most of them cannot be called partnerships. Instead, the private sector takes control of the arrangement to benefit its interests at the expense of the governments and its citizens. This seems to be the case across different sectors despite variations in the context and form of PPP. In her review of the literature on PPPs, Languille (2017) emphasized that the minimal role played governments in the South in decision-making in PPPs reveal the unequal power relations upon which they are underpinned. Below, PPPs in different sectors and the BRT are reviewed in relation to their outcomes, challenges encountered, and success factors discussed above.

Lesotho’s Healthcare PPP

The first case comes from Lesotho where a PPP in healthcare was implemented in 2011 and heralded as a model to follow for developing countries by the International Finance Corporation (IFC) - the private sector funding sister organization to the World Bank. Queen ‘Mamohato Memorial Hospital replaced the old hospital, Queen Elizabeth II Hospital, and it was argued that this would lead to high-quality healthcare services whilst keeping the annual cost the same as the one from the old public hospital, (Oxfam Briefing Note 2014). Despite this promise, the hospital has been ravaged by many problems since opening in 2011 according to the Oxfam Briefing Note (2014). The PPP took the form of a Public-Private Integrated Partnership (PPIP). This means that the private partner builds, operates, and maintains the hospital for a period of eighteen years (18) and then transfers it back to the state thereafter.

The contract for Mamohato Memorial Hospital was awarded to Tsepong and a group of local economic empowerment beneficiaries. Tsepong is a consortium led by Netcare- the South African healthcare services conglomerate. According to Hall (2015), the World Bank granted $6.25 million for operational costs in the three filter clinics during the initial stages of the project. In terms of its operation, the Oxfam Briefing Note (2014) elucidated that under the contract, Netcare would treat a maximum of 20 000 inpatients and 310 000 outpatients. In turn, the government was to pay an annual cost for the services and capital repayment. The contract also stipulates that should Netcare not uphold the standards set by the government, penalty deductions will be incurred from the repayments and any additional patients taken in addition of the contractual figures will be charged on the government by the company. The most important promise and agreement reached was that the cost of the services offered by the hospital will remain the same for patients and the government. The challenges experienced by the hospital however show that the IFC and World Bank had no evidence to claim the project as a success and any government that has implemented PPPs in this manner might encounter similar challenges.

In its initial year for instance, the government of Lesotho paid double the amount that it cost to run its old hospital, albeit with deteriorating health services (Hall 2015). The hospital is increasingly using most of Lesotho's budget. In 2015 the hospital consumed about fifty-one per cent (51%) of Lesotho's total budget and this put a strain on other departments the government prioritized for its development purposes. Moreover, it places hospitals in the rural areas at a disadvantage as most of the resources are dedicated to Maseru, resulting in unequal access to public healthcare (Oxfam Briefing Note 2014). This PPP is part of harnessing non-state actors for better health for the poor (HANSHEP) and IFC initiatives. This is evident in IFC playing a leading role in the PPP's contractual terms which were largely in favour of the private partner- Netcare.

Jamaica's experience with PPPs

Elsewhere in the Caribbean, in Jamaica Hall (2015) has also reviewed its experiences with a PPP. As in other cases, the implementation of the PPP in Jamaica was preceded by IFC advocating for their adoption and paving the way for its international allies. Therefore, the World Bank, and donors from the USA, EU and Canada were said to be key in achieving a success in PPPs in Jamaica (Hall 2015). Each of the international actors behind the popularity of PPPs had a role in setting them up in Jamaica. Whilst the Inter-American Development Bank (IADB) hired a consultancy firm to formulate the procedure PPPs, the World Bank and the World Bank's privatization agency called the Public-Private Infrastructure Advisory Facility (PPIAF) identified potential projects and the IFC assisted in the tendering process and awarding the contracts. One can note that Jamaica played a minimal role if any in the introduction of PPPs in the country and in addition to this, the project of a new port was said to be build and operated by a Chinese company which later pulled out citing lack of alignment of the project with its corporate strategy according to Hall (2015). Therefore, this can hardly be said to be a partnership, with the Jamaica playing a minimal role from conception to implementation of the projects.

The Rea Vaya PPP

Having experienced challenges in reforming he taxi industry and ameliorating its externalities, the City tried to change its approach in partnering with the informal taxi industry and formalizing some of its sections to operate the Rea Vaya. Due to the nature of the organization in the taxi industry as discussed in Chapter 4, there were challenges in engages and reforming some of the actors from the taxi industry, especially sections that were powerful and had interests in maintaining the informal nature of the operations in the taxi industry. This played itself out in violent protests resisting the implementation of Phase 1A o the Rea Vaya. Therefore for powerful actors such as association officials, Rea Vaya presented a threat to their interests as opposed to an opportunity, whilst for some owners that were under the association and the leadership of the officials, it resented an opportunity to gain directly form BRT operations without having to pay rents for protection and operating the system.

In Rea Vaya's PPP, the company that partnered with the government was constituted by shareholders from the informal taxi industry, (End of Term Report 2011). The PPP is unique in that it also sought to formalize part of the taxi industry and turn it into one of the private actors through the formation of TOICs and eventually Piotrans. This came with its sets of challenges for the PPP that put its efficiency status into question. Therefore, its promise to yield a win for these actors from the informal taxi industry with better income and jobs was not realized.

There were other actors however from the private sector that worked with Piotrans before and after it officially started operating the Rea Vaya. This added another layer of complexity and interests at play in this PPP. As stated in the preceding chapter, a private company called Clidet was contracted by the City to run interim operations for the first four years as the negotiations were still ongoing between the City and the joining operators from the taxi industry. Moreover, Fanalca was contracted by Piotrans to facilitate the transfer of the Bus Operating Company from Clidet to Piotrans and to provide personnel who could assist in managing the company and operating it on a daily basis. In sum, there were three key actors in this PPP. The private sector corporations in Clidet and Finacla, the corporatized joining taxi operators and the City. Clidet operated Phase 1A for the first four years whilst Finacla came in with its managerial expertise in operating BRTs in South America to assist the taxi industry in its operation.

In addition to this, there were consulting companies that provided technical support to the taxi industry. Due to their lack of background with this system, the taxi industry appointed an expert from Future of Transport (FOT) Consulting and they were paid by the City, (End of Term Report 2011). In this sense, the market for PPPs is promoted through a network of international and national consultancy companies and is also implemented with their expertise in return for profits. Thus, they are also ‘winners’ in this model. Their win precedes that of bus companies like Finalca and Clidet which also come in with short programmes aimed at teaching these BRT systems internationally and therefore gain short-term profit and in some cases a stake in the operating companies for the duration of the contact.

The City shared its responsibilities across its agencies. The Johannesburg Development Agency (JDA) managed the construction and installation of the control centre and fare system whilst the Johannesburg Road Agency (JRA) managed the passenger information system and vehicle location system. The Metropolitan Trading Company was responsible for appointing ambassadors, and cashiers as well as procuring the security and cleaning services through outsourcing private suppliers (End of Term Report 2011). The latter was agreed to be chosen from companies owned by TOICs as already discussed in the preceding chapter.

The City boasts about the number of jobs created through the introduction of the BRT in its construction stages and in operating the system. According to the End of Term Report (2011) the construction of the Rea Vaya created around 24 620 jobs by 2010. Moreover, the system aimed to equal the number of jobs it was displacing. A largely ignored facts here is on the quality of jobs created. Most of them are casual jobs since PPPs operate on contracts. That is, the jobs are only there for the construction period and for the duration of the contract for the drivers that work for the Bus Operating Companies. Therefore, the claim that taxi drivers will get better jobs is thus also debatable as their employment in BRT is under a sub-contract which is unsustainable and characterized by poor working conditions, although better than in the taxi industry. This can be seen in 2019 protests by MyCiti (Cape Town’s BRT) bus drivers in Cape Town demanding an increase in their salaries.

Are PPP useful in Developing Countries?

In light of the issues discussed above, one can conclude that the assumption that supports PPPs because of their private sector is not corrupt and is more efficient than the public sector hence the introduction of PPPs is not factual or based on evidence. The examples from the previous chapter of BRTs that used PPPs as their business model and the cases from Lesotho and

Jamaica from other sectors provide useful evidence to highlight how corruption and inefficiency is prevalent even within PPPs and the affects this has on the stakeholders involved and their sustainability. In some cases the PPPs have led to an improvement of the service but some of the stakeholders involved, especially in transport, hardly see the wins that are promised.

For instance, in Phase 1A of the Rea Vaya the PPP was also tied to formalizing the taxi industry and this led to more issues between the latter and actors from the private sector. More importantly, Paget-Seekins' (2015) argument that the BRT creates a market for international bus companies to exploit opportunities seems plausible as we can see with the case of Clidet and Fanelca in Phase 1A of the Rea Vaya. Thus, despite the short-term period in which these companies operated in Phase 1A, their role is clearly seen when placed in the broader context of the implementation of BRTs across the world. They have positioned themselves as experts of the BRT and thus through their promotion by government and international agencies, the BRT serves as a market for their services with the shares and control high on their priorities.

One might ask why so many developing countries have opted for PPPs despite overwhelming evidence showing that they are not beneficial to local actors and stakeholders. In order to answer this question, one needs to take a step back and observe the broader policies that the entities promoting PPPs endorse. The World Bank and the IFC- the chief marketers of PPPs have been historically known to support neoliberal policies in pursuing socio-economic development. Therefore, the rise of PPPs and their persistence in policy discourse needs to be understood in this context. Rizzo (2017) argues that neoliberalism has undergone phases and the current phase is characterized by the role of the state changing to facilitator of capital interests and to correct market imperfections from being rolled back in the first phase. Thus, the argument that PPPs yield a win-win-win outcome is not based on evidence, but to lore, governments to adopt PPPs to serve interests of international corporations.

Are there any lessons can be taken in these examples about PPPs? Firstly, any project that does not prioritize its citizens and their equal access to basic public services is not progressive and deepens poverty through its outcomes. The decision to use a market-based approach in addressing public services opens the door for tensions and irreconcilable interests. We can see this through Netcare- the company that was contracted to run Lesotho's hospital, prioritizing maximizing its profits through increasing the cost to run the hospital and other fees charged to the government. Due its weak capacity, the government was unable to put a framework to ensure that Netcare was held accountable. In this sense, this partnership was similar to the one in Jamaica where the state played a minimal role and therefore would benefit international actors at the expense of local businesses and citizens.

Secondly, in their current form PPPs are not sustainable. In order to succeed, a strong regulatory framework is essential to hold international corporations accountable for ensuring contractual obligations are followed. The examples show that the government has an important role to play in any sort partnership to protect local entrepreneurs that are often overpowered by international actors in terms of ownership. Moreover, there is a need for governments in developing countries to play an active role in provision of public services, not only to capacitate themselves as the producer of the policies that shape how public services will be provided but to also to guard against the commodification of public services which serves to benefit private actors. Therefore guides like BRT Planning Guide (2007) must be analysed more critically by governments to see how they would be implemented in their respective contexts and in whose favour.

Conclusion

This chapter was aimed at understanding PPPs as the business model of BRTs. The chapter argued that PPPs should be understood as a neoliberal approach that emerges in the second phase of neoliberalism known as the Post-Washington Consensus. Whilst the PPP has been promoted as efficient, innovative and leading to win-win outcomes for all stakeholders involved, the chapter uses examples to show how this has not been the case. It concludes that the inefficiencies within PPPs stem from its inherent nature to serve interests of capital, often, at the expense the interests of local actors and the quality of public services. Therefore a public alternative needs to be considered by governments, but this will only be possible if there is capacity to formulate and implement the policies. The chapter began with an overview of PPPs and its definition. The chapter then proceeded to use examples from Lesotho, Jamaica and highlighted parallels with Rea Vaya. The examples were used to draw some of the similarities in PPPs and the factors needed for their success. In discussing the examples, the role of consultancies, international financial institutions and national governments in promoted PPPs was discussed and overall the winners and losers mapped out. In sum, the chapter argued that PPPs are unsustainable and threaten local stakeholder’s livelihoods while benefiting the private sector. This is done whilst eroding the capacity of governments.

Chapter 6: Conclusion

This study has discussed the historical development of the taxi industry, processes aimed at its reform. The two programmes discussed were the Taxi Recapitalization Programme and the Bus Rapid Transit Network. The study focused on the latter, which was introduced in 2007 through the Public Transport Action Plan. Unlike the TRP, the BRT was designed to be more inclusive, and this can be seen in its consultative approach and operational model of a Public-Private Partnership. The BRT aimed to reform the taxi industry through withdrawing some of the taxis of taxi associations from their traditional routes in return for an opportunity to be corporatized into Taxi Operator Investment Companies (TOICs) that would form collectively form a Bus Operating Company (BOC) that would operate the BRT. In this sense, the taxis would be replaced by BRT buses in Phase 1A of Johannesburg's BRT called the Rea Vaya. The system would be operated by a company owned by former taxi owners. According to the City, this system would yield a win-win-win outcome for taxi owners through improving their income, their drivers in proving better jobs and in improving the state of public transport in Johannesburg. Against this promise, the study was aimed at understanding how the taxi industry was affected by the introduction of the BRT in Phase 1A. This was done through a case study of one of the taxi owner associations that was going to be affected by the introduction of the system- the United Taxi Alliance (UTA). The study found that there were varied interests within the association at different levels. At one level, taxi association bosses were of the view that the BRT would negatively affect their livelihoods and income and hence rejected the system. However, within associations, there were some members that saw an opportunity in the BRT. These members cited an unpredictable work environment, fluctuating income, and being unfairly treated as some of their reasons to have an interest in BRT. There were also taxi drivers, who stood by their taxi owners and the executive as they saw BRT as a threat to their jobs and working conditions. Ultimately, only interested individual taxi owners joined the BRT and withdrew their taxis from their associations' routes, and this subsequently led to their expulsion. Therefore, the taxi associations retained control in their routes in Phase 1A and currently operate alongside the BRT. The new competition presented by the BRT has had a negative impact on the income of taxi owners in the association as well as more exploitative working conditions for taxi drivers who now have to work longer hours to make up for the loss of commuters to BRT. The taxi owners who have joined the BRT, their income has decreased, and this can be attributed to the City's failure to deliver on its promises set out in the Value Chain Framework Agreement. In this sense, the promise of a win-win-win outcome that PPPs rests upon has not materialized in Phase 1A of the Rea Vaya.

Implications for the Taxi Industry

The taxi industry, therefore, finds itself confronted with a new competitor that was introduced through the BRT by the government. This new system not only competes with the taxi industry but is partly operated by some of its former members. One of the essential points that the two observations made above lead to is that there may be an increased mistrust by the taxi industry towards the government and its future programmes. Furthermore, as some of the individuals that joined the BRT were former taxi owners, there are also implications for how taxi associations relate to its members. Members that are seen to embrace programmes not endorsed by the association might be harshly dealt with in future.

In addition to this, as associations continue to operate alongside the BRT. There are no mechanisms to check the number of taxis operating along this route and as a stated in the study more taxis were added by the UTA to cushion the loss of members due to the introduction of the BRT. Therefore taxis are not only competing with the BRT, but they are also competing with each other within and across different associations. This has implications for how taxis drove on the road as well as how taxi associations relate to each other. Due to increased competition, taxi drivers might drive recklessly in order to make faster trips to collect more earnings. Furthermore, taxi associations might be more aggressive towards those who illegally operate on their routes, and this may be lead to increased taxi violence, which was prevalent in the 19990s. Alternatively, taxi drivers might redirect their frustrations to the BRT as the number of taxis increases and the routes become saturated. Violent protests against the BRT were seen during the introduction of the Rea Vaya, but the hybrid transport system in Phase 1A may condition their return.

Implications for Formalization of the Taxi Industry

Although mistrust exists between the City and the taxi industry, the relationship is not beyond repair. However, any strategy that seeks to reform the taxi industry needs to be drawn up in collaboration with some of the key players. Although with the BRT there was an attempt to be consultative, its conception did not involve taxi associations or any taxi representatives. Therefore any programme aimed at formalization must respect associations and appreciate the harsh conditions under which they have emerged and how they have come to operate. This will ensure that their views are taken into account in any strategy aimed at reform instead being treated as a problem that needs to be dealt with but unable to play a role in proposed solutions. Furthermore, the needs to be flexibility on both the part of the taxi industry and the City. The taxi industry needs to open up itself to discuss possible visions it has for its growth with the government. A zero-sum approach to change and will not yield a 'win-win' outcome. Another critical issue to note is that they may be varying views within taxi associations and therefore, engagement should take place at all levels with each group being given sufficient room to engage with the project at hand. This will ensure that the reform program harnesses most of the views within the taxi industry.

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