

The Johannesburg BRT negotiated contract: how has it benefitted the stakeholders?



a world class African city



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Introduction

- Urban public transport is characterised by low capacity vehicles in many developing countries
- Intractable congestion has ignited new thinking on the contribution of the informal sector to meet demand
- A number of countries now focusing on introducing high capacity modes, invariably BRT
- In South Africa, BRT has been introduced in 3 cities and at various implementation stages in 4 others
- Johannesburg introduced BRT in 2009



Background to Study Area

- Desire to address economic growth and restructuring the *apartheid* city and sustainable development
- Taxi operators traded their vehicles for shares in a new BRT operating company
- Negotiations resulted in the displacement of minibuses on two routes (Phase 1A and Phase 1B)



Salient Features of the two phases

Phase 1A

- Nine Taxi associations
- Number of taxis removed 585
- Taxi operators involved, 313
- The Board is comprised of 100% people from the taxi industry
- The City paid R6 600 per vehicle per month for 4 years from 2009 as compensation and the operating company (Amount increasing by 6% annually)
- Fee per kilometre is paid by the City
- Buses were bought by the company and City used as a guarantor

Phase 1B

- Ten taxi associations
- Number of taxis removed 312
- Taxi operators involved, 174
- Board consists of independent persons and 3 from the taxi industry and 1 from PUTCO
- An upfront amount of R870 000 was paid per vehicle with a quarterly dividend of R9 000 paid by the operating company (Amount increasing by 6% annually)
- Fee per kilometre is paid by the City
- Kits were brought from abroad and buses were assembled in South Africa



Study Motivation and shortcomings

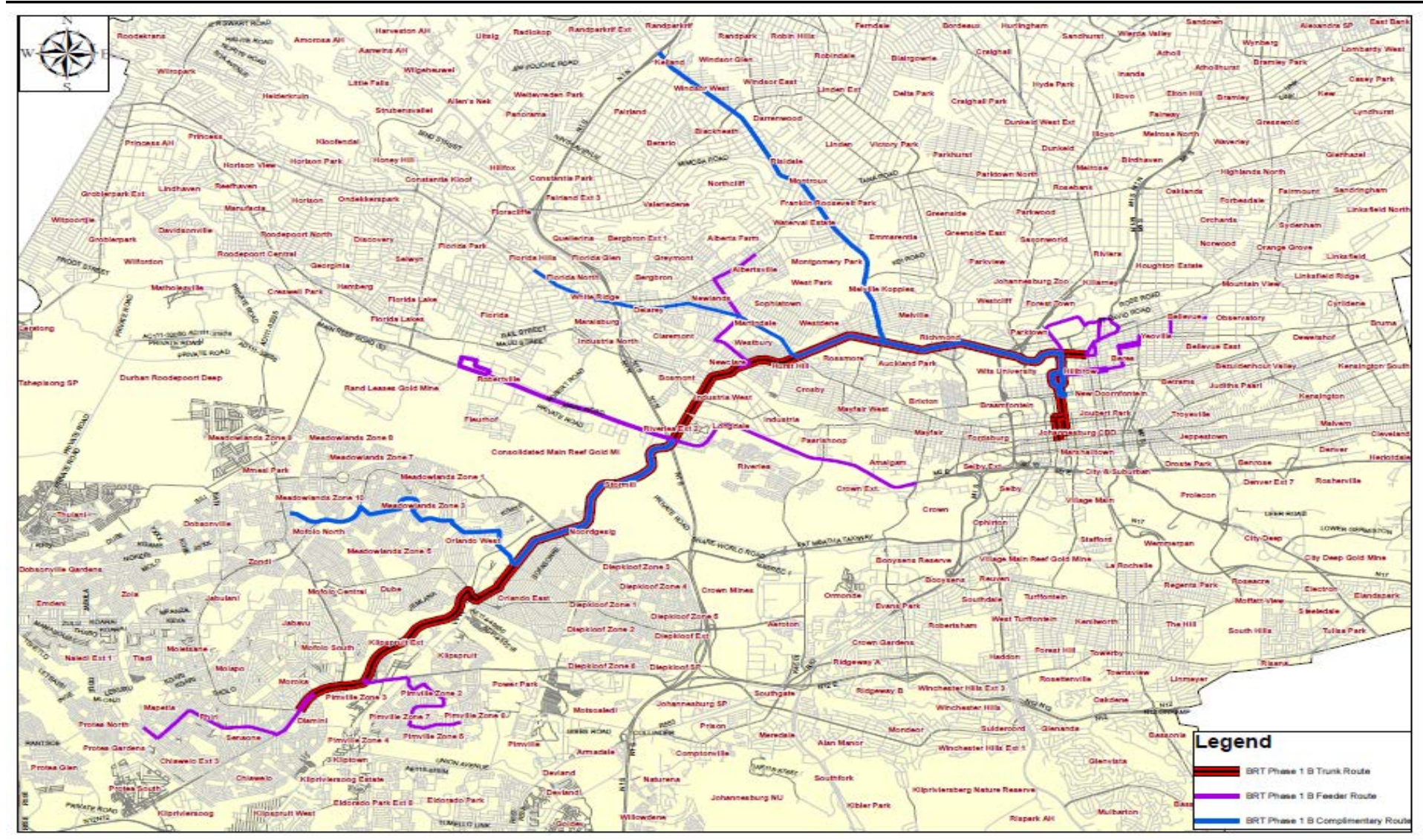
- Choice of a negotiated contract was dictated by the operating environment which took the incumbent operators on board

“In many countries in Africa and Latin America, improving public transport means dealing with incumbent private sector operators providing informal paratransit services” (Venter 2016)

- This study was motivated by the ‘*foot-dragging*’ of taxi operators to participate in the BRT project
- Negotiations were protracted as taxi operators were unsure of the benefits to their participation in a formal public transport company
- The CoJ could not proceed without taking the taxi operators on board
- Failure to include Phase 1A
- A future study that will explore costs



Map of Phase 1B



Research Methodology

- A five-point likert scale used to collect data from drivers and shareholders
- Fifty percent (50%) of operators and a third of drivers were interviewed
- Qualitative interviews conducted with City of Johannesburg (10 participants) and 6 former taxi operators (3 for phase 1A and 3 for phase 1B)

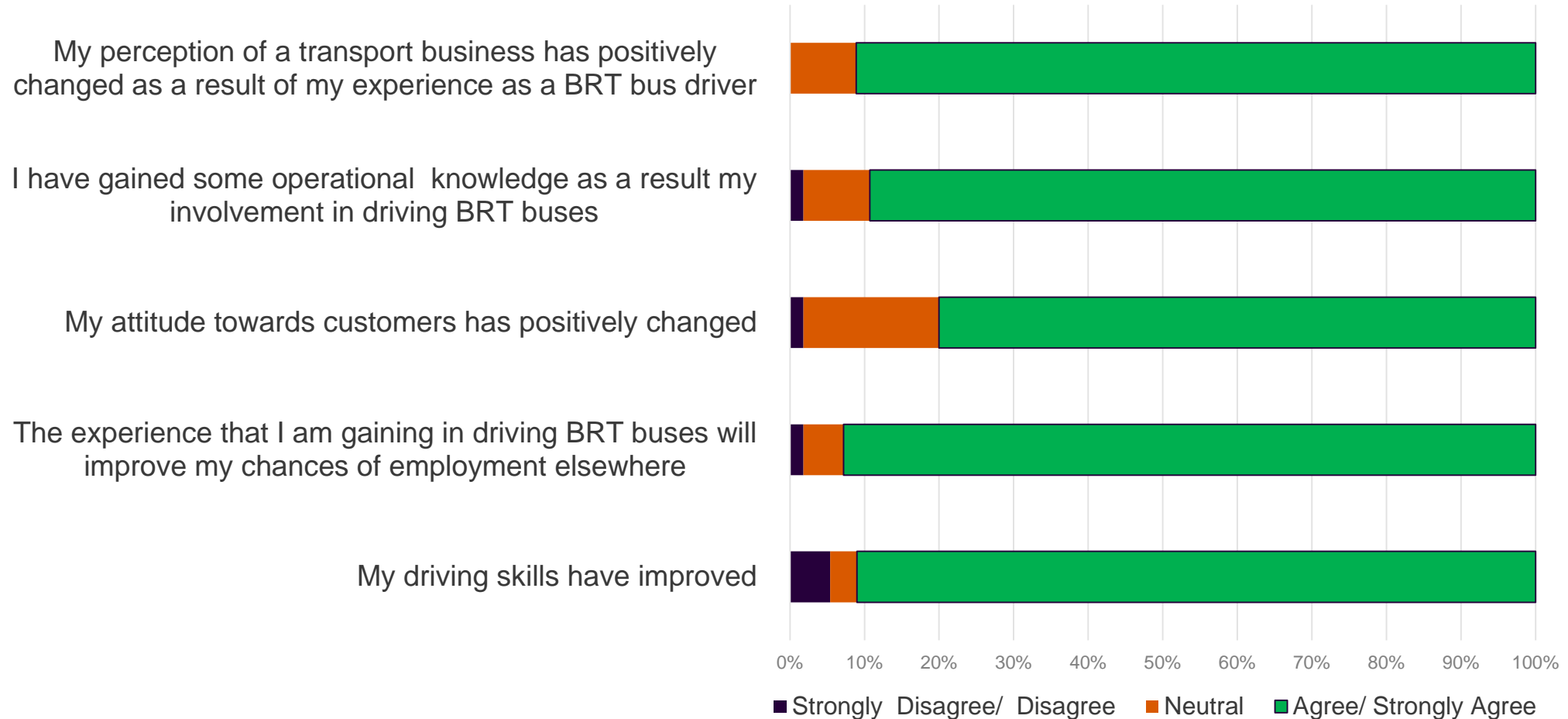


Assessment of benefits

- Knowledge and skills
- Welfare
- Service quality
- Environment
- Management
- Economy

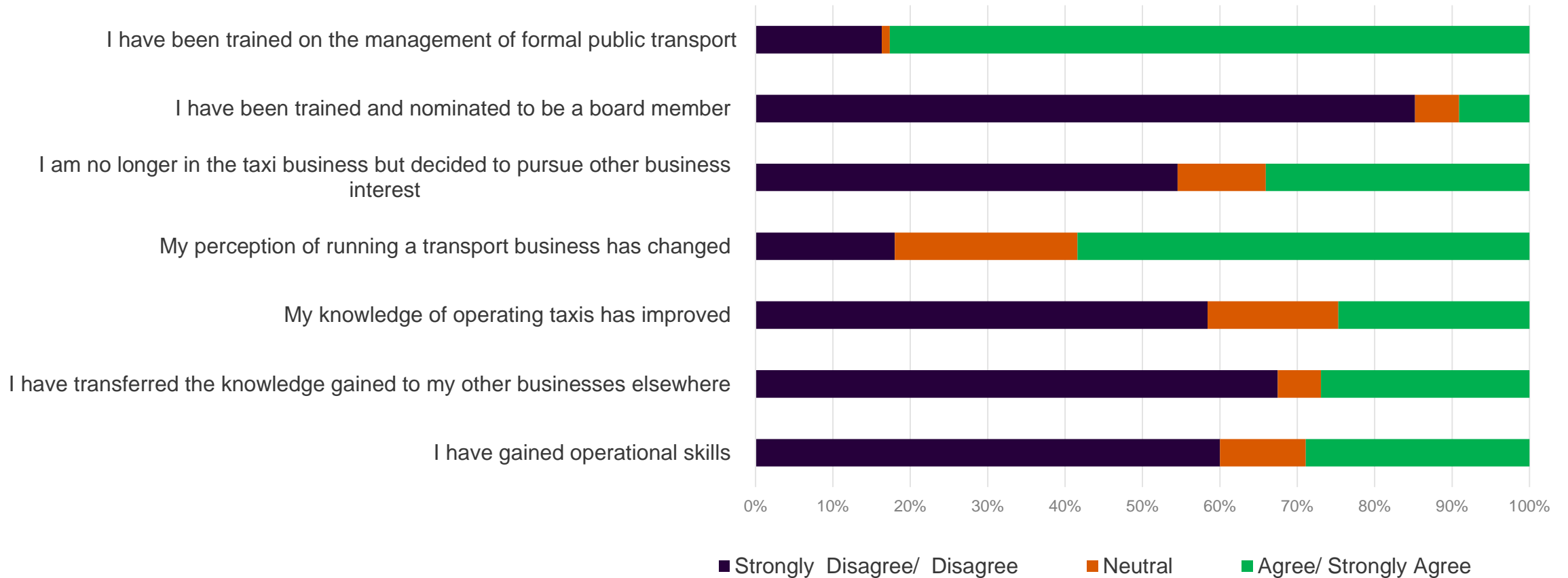


Drivers' views on knowledge and skills



“Taxi drivers’ behavior and attitude leaves a lot to be desired. The practical training of drivers has significantly their driving and customer handling skills” (Former taxi operator)

Former Taxi Operator Knowledge and skills



“Good governance is something that I have learnt, in the past we had no rules to comply with when handling drivers. I have also learnt to look at my finances more carefully and I now appreciate what a financial statement entails”. (Former Taxi Operator)

“If I had to go back to operate taxis, the knowledge and skills I have gained will enable me to run the business successfully” (Former Taxi Operator)

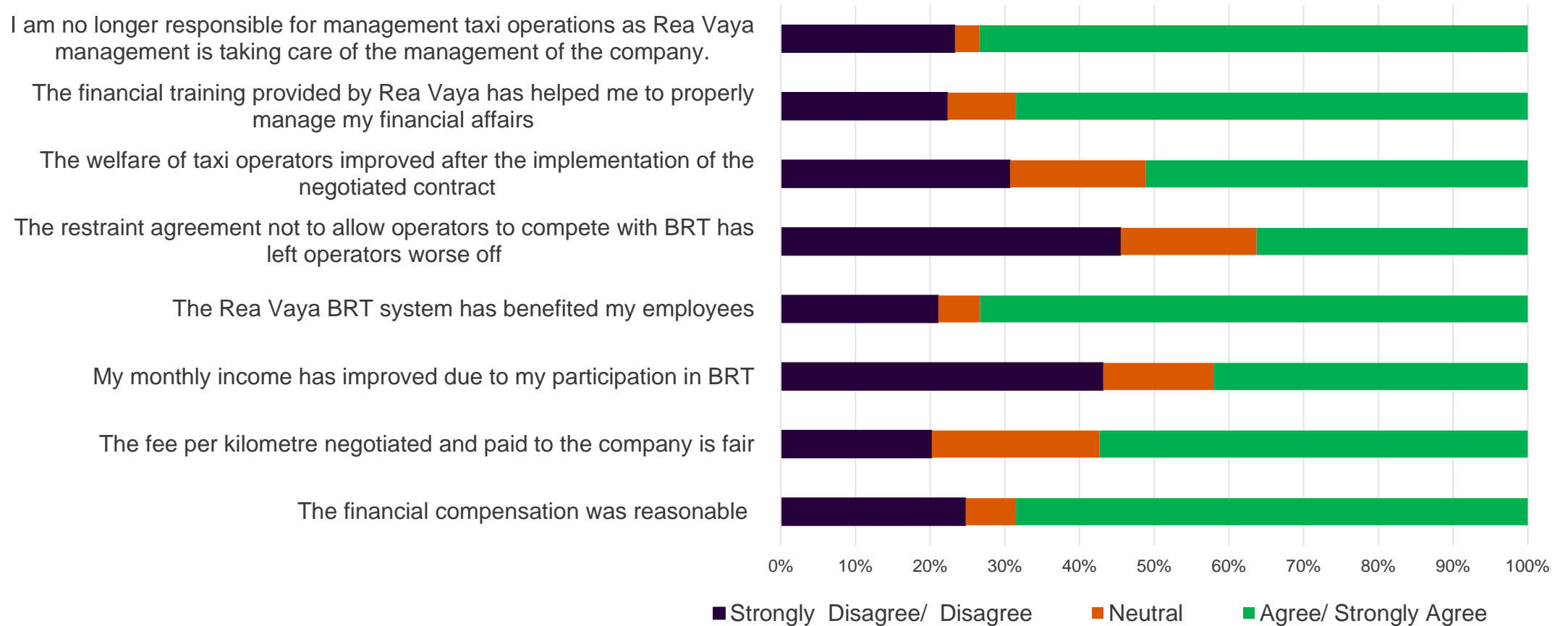
Driver opinions on welfare



“Biggest beneficiaries of the negotiated contract were drivers who are now getting a decent wage and many other benefits” (CoJ Official)

“Drivers were upskilled and unlike the long hours they used to work, there are now working for a fixed number of hours” (Former taxi operator)

Former taxi operators' opinions on welfare

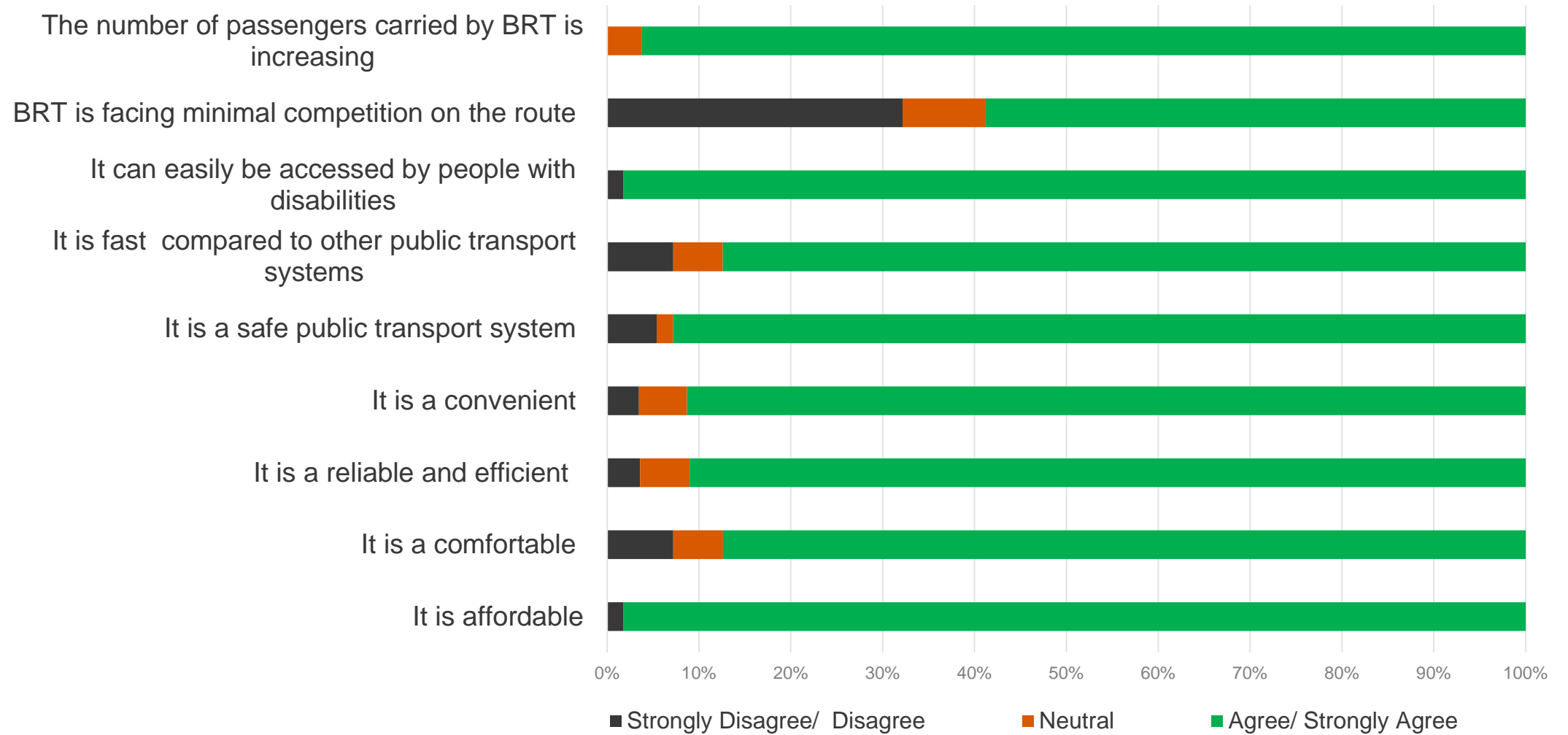


“I am in a better space. If anyone tells you that the restraint agreement has made taxi operators worse off, the person is telling a lie”. [Former Taxi Operator]

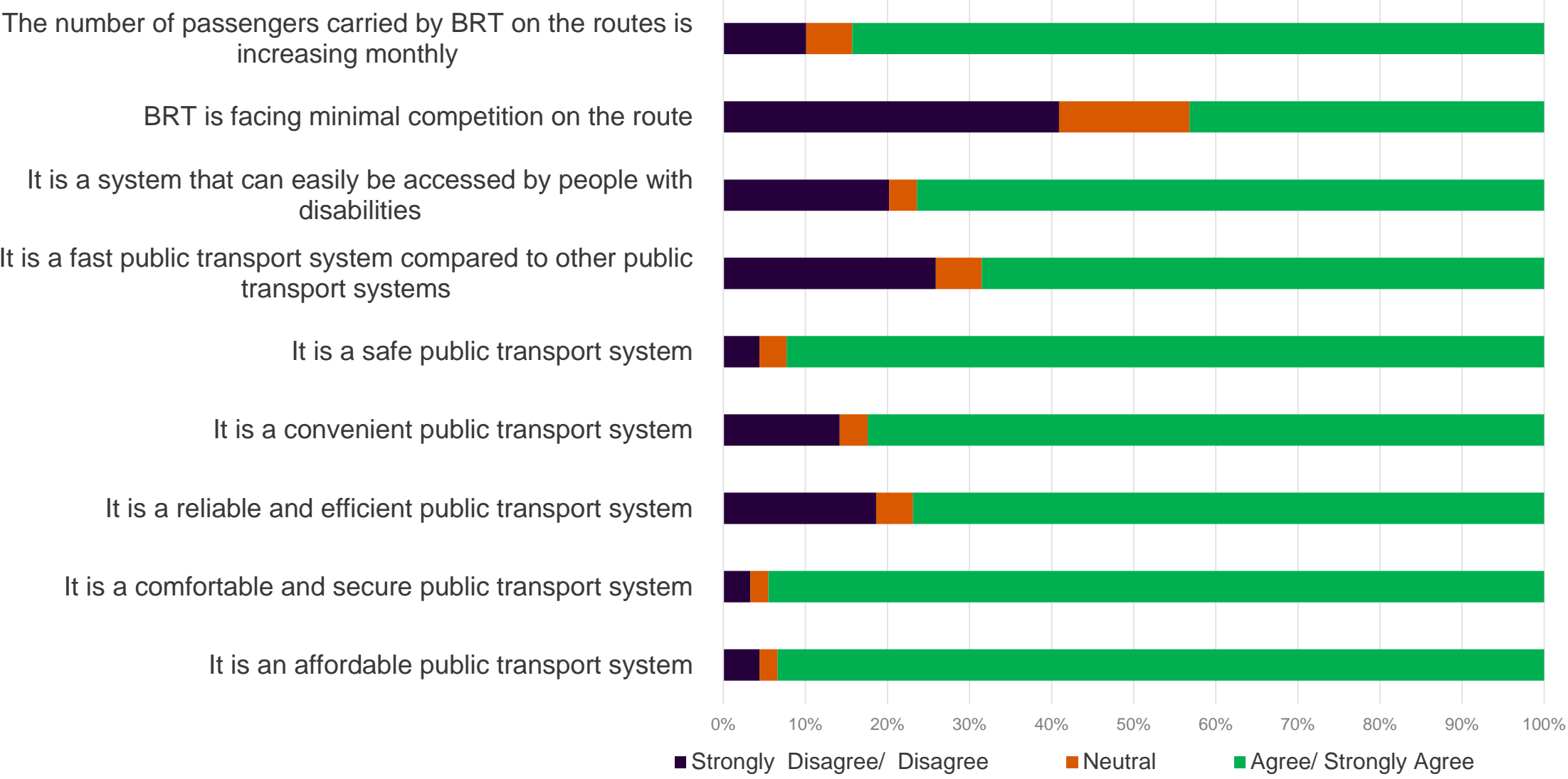
“Rea Vaya was the first meaningful black empowerment project as the other ones were catering for politicians only” [Former Taxi Operator]

“Overall, the welfare of former taxi operators has improved. We have also gained through the value chain However, it also depended on individuals.” [Former Taxi Operator]

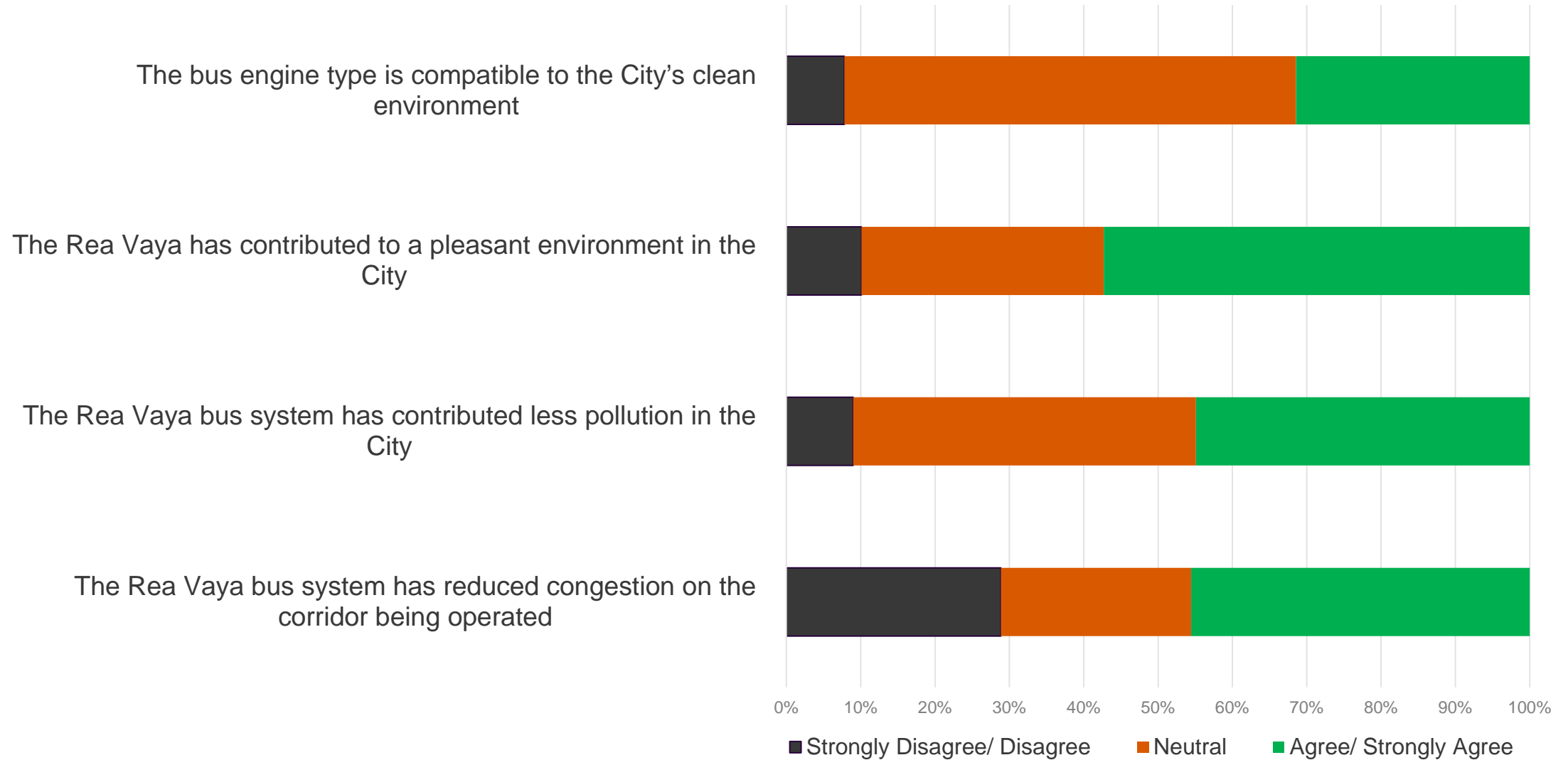
Driver views on service quality



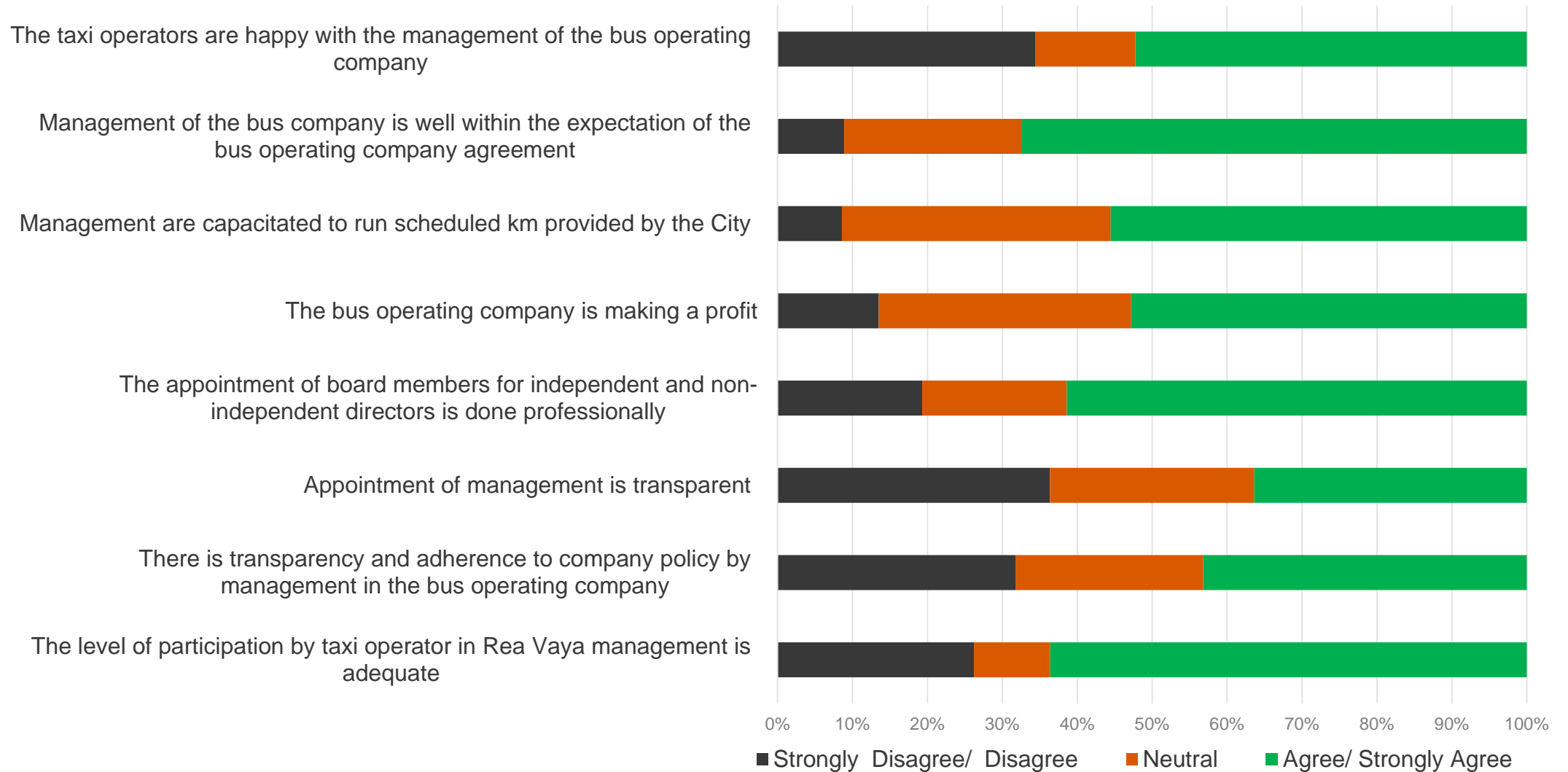
Operators' views on service quality



Former Taxi Operators view of environment



Former taxi operators views on management



The economy (From City)

- A general consensus that BRT had positively impacted on employment – both direct and downstream
- Acknowledgement that Rea Vaya had contributed to the economic growth of the city:

“There is no detailed study that has been undertaken on the impacts of BRT to the economy in Johannesburg, but the reduction in travel time should be translated to economic growth in the long term”

- The affordability of BRT in comparison to other public transport modes was cited as a potential contributing factor to social sustainability

“Rea Vaya is the cheapest mode of public transport and our assumption is that citizens are left with more disposable income which they can spend”

- The transformation of the taxi industry which empowered the previously marginalised taxi operators as a contributory factor to good governance
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Results of Factor analysis for drivers

Factor	Indicator	Indicator Description	Loadings	Eigenvalues	Reliability
Service Excellence	SE4	Convenience	.922	5.293	.819
	SE5	Safety	.883		
	SE1	Affordability	.871		
	SE3	Reliability and efficient system	.843		
	SE7	Easily accessed by disabled	.821		
	SE2	Comfortable	.812		
	SE6	Speed	.771		
Welfare	W4	Reduced working hours	.812	3.188	.842
	W2	Increased remuneration	.809		
	W7	Improved service conditions	.781		
	W5	Pleasant working environment	.716		
	W3	Medical aid	.665		
Knowledge and Skills	KS2	Increased employment options	.8.8	2.663	.847
	KS4	Improved operational knowledge	.803		
	KS5	Change in perception	.740		
	KS1	Driving skills improvement	.661		

Conclusion

- A bold decision made by the City to partner with taxi operators which were enticed to go in an unfamiliar business environment that was completely different from the way they were used to conduct business
- A major weakness was the failure to provide productivity incentives, such as on the number of passengers carried
- Drivers were the main beneficiaries whose welfare greatly improved from a mere wage principally based on commission to a monthly salary coupled with other benefits
- The BRT had positively impacted on employment and good governance through the empowerment of previously marginalised taxi operators.
- Upscaling BRT to other corridors and a meaningful reduction of taxis, BRT has potential to improve the urban environment
- What has been the cost to the City?



Thank you

