

# Lurching towards formalisation

The City of Johannesburg implemented the first phase of its BRT system, named Rea Vaya, between 2009 and 2011. However, the taxi industry was not quick to accept this formalisation of the transport sector.

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**T**HE SYSTEM DESIGN and organisational arrangements drew heavily on precedents from South America, especially insofar as BRT (bus rapid transit) is used as an instrument for securing the transformation and formalisation of a fragmented and problematic informal public transport industry.

Despite the inevitable transitional problems, the formalisation scheme appears to be generally successful – an outcome that surprised many analysts, following a long history of mistrust, resistance, and unsuccessful interventions between government and the minibus taxi industry.

There are reasons for the successful transformation of participating taxi operators. The minibus taxi industry in South Africa has reached a state of stasis and maturity, with limited opportunities for further growth in its present form. BRT, as it is implemented locally, offers opportunities for reinvention – for moving on to a new potential growth trajectory – by overcoming the binding constraints of informality and by opening up new markets to operators.

Perhaps the most important lesson the minibus taxi experience in South Africa teaches is that transformation of an informal public transport industry into a formal industry, operating within the quality frameworks required by government, is not likely to be achievable via a heavy-handed, top-down regulatory approach. There is a distinct internal logic to operating informally, including relatively low entry barriers, the reduction of labour and operating costs, and the ready availability of a captive market. Informal operators historically saw no benefit in formalisation, as it

promised access neither to new markets, nor to cost-saving technologies and, therefore, successfully resisted government's attempts at formalisation.

In addition, in the South African context, the taxi industry was endowed with a certain amount of popular support and political credentials, born out of its history as a resister of apartheid racial policies. Yet, it seems that BRT, in the way it is envisaged locally, is able to provide a structured mechanism through which (some) informal public transport operators can escape from the logic of informality. This makes BRT a potentially strong instrument in achieving government's strategic goals for public transport. An analysis of the characteristics of BRT – and especially of its potential for helping to move a mature, technologically stagnant minibus-taxi industry on to a new growth path – suggests that its transformational success rests on three key capabilities:

- The ability to drive down operating costs by capturing new scale economies via the use of larger vehicles, higher speeds, better vehicle utilisation, and more efficient labour practices. Efficiency needs to grow sufficiently to reduce subsidy needs, over time, while still ensuring that BRT participation remains financially attractive to informal operators.
- The ability to expand taxi operators' markets significantly beyond their traditional enclaves of captive users, which seem to be efficiently and fully exploited, to include current and future car users. Expanding markets are critical to providing attractive opportunities to an increasing number of informal operators.



**Note:** This article is an extract from Venter's article titled 'The lurch towards formalisation: Lessons from the implementation of BRT in Johannesburg, South Africa'. For a copy of the full text, please email [christo.venter@up.ac.za](mailto:christo.venter@up.ac.za)

- The ability of government authorities to secure an ongoing commitment from former taxi operators to abide by formal contracting and conflict resolution procedures, especially on the margins of the public transport market where BRT systems are less attractive and the premium payable to transform informal operators may simply be unaffordable.

In conclusion, while BRT generally offers significant promise for underpinning the formalisation and transformation of informal public transport operators, the jury is still out on the question of whether BRT in South Africa will continue to do so in a sustainable and comprehensive manner. **35**



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