

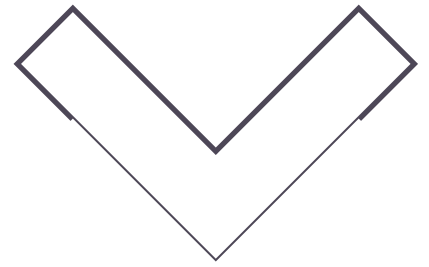
STUDIES

OF INFORMAL PASSENGER TRANSPORT REFORMS IN SUB-SAHARAN AFRICA

From complete 'formalization' encompassing Bus Rapid Transit (BRT)
to corporatization of informal Public Transport owner/operators

SOUTH AFRICA
CAPE TOWN





STUDIES

OF INFORMAL PASSENGER TRANSPORT REFORMS IN SUB-SAHARAN AFRICA

From complete 'formalization' encompassing Bus Rapid Transit (BRT)
to corporatization of informal Public Transport owner/operators

SOUTH AFRICA

CAPE TOWN



ACKNOWLEDGEMENT

This report was prepared by a team led by Fatima Arroyo-Arroyo, Senior Urban Transport Specialist at the World Bank and Urban Transport and Mobility (UTM) pillar co-leader for the SSATP Fourth Development Plan and Antoine Chevre, Senior Urban Transport Specialist at the French Agency for Development (AFD). In collaboration with SSATP and in the framework of MobiliseYourCity partnership, the AFD appointed Transitec to prepare this study. The team of authors included Herrie Schalekamp, Nico McLachlan, Marion Hoyez, and Pablo Salazar Ferro. The report was prepared under the overall guidance of Mustapha Benmaamar, Program Manager of SSATP, and Ibou Diouf, Practice Manager at the World Bank. The team is grateful for all the comments received from Simon Saddier and Kaori Niina at the World Bank/SSATP and Lise Breuil, Suzanne Spooner and Anne Chaussavoine at AFD. Gail Jennings edited the report. The preparation of this study was funded by the AFD.

SSATP is an international partnership supported by:

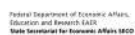


TABLE OF CONTENTS

ABSTRACT	11
EXECUTIVE SUMMARY	12
Context	12
Before reform	12
Initial reform approaches	12
Revision of reform approaches	13
Conclusion	13
1. INTRODUCTION	14
1.1 Transport context	15
2. THE <i>BEFORE</i> SITUATION (BEFORE 2010)	20
2.1 Building momentum for reform: national, provincial, and municipal initiatives	21
2.1.1 National-level reforms	21
2.1.2 Institutional structure	22
2.1.3 Public transport reform initiatives in the Western Cape Province	24
2.2 The build-up to 2010 FIFA World Cup and reform acceleration	25
2.2.1 Using BRT to reform the minibus-taxi sector	25
2.2.2 Moving towards a comprehensive city-wide reform approach	25
2.3 The initial reform proposal	26
2.3.1 The ambitious IRT	26
2.3.2 The place of the minibus-taxi sector in the reform	28

3. TWO CONSECUTIVE PHASES OF REFORM	30
3.1 The initial reform rationale and objectives	31
3.1.1 Description of the BRT project	31
3.1.2 Changes to support operations	32
3.2 Initial MyCiTi Phase 1 – comprehensive BRT focus: 2007-2015	33
3.2.1 Corridor choices and approach to reforming incumbent paratransit services	33
3.2.2 An urgent solution for the FIFA World Cup of 2010	34
3.3 The situation in 2013-2014	37
3.4 Change in approach – MyCiTi Phase 2 and interim N2 Express trunk service: 2013-2019	39
3.4.1 Shifting focus	39
3.4.2 MyCiTi N2 Express service	40
3.4.3 Piloting ‘Transport Operating Companies’ (TOCs)	41
4. THE AFTER SITUATION	46
4.1 The status of minibus-taxi reform	47
4.2 Successes and failures	48
5. CONCLUSION AND POSSIBLE WAY FORWARD	52
BIBLIOGRAPHY	54

LIST OF TABLES

TABLE 1: Institutional structure relevant to public transport in Cape Town	23
TABLE 2: Distribution of responsibilities prior to reform – minibus-taxi perspective	29
TABLE 3: Distribution of responsibilities in MyCiTi Phase 1 – VOC (Vehicle Operating Company) perspective	38
TABLE 4: Distribution of responsibilities in MyCiTi phase 2 – TOC (Transport Operating Company) perspective	44
TABLE 5: Distribution of responsibilities after the second reform phase – current situation	49
TABLE 6: Summary of outcomes and lessons learned in Cape Town	51

LIST OF FIGURES

FIGURE 1: Cape Town's roadway system (Google Earth)	15
FIGURE 2: 'Before' public transport network	16
FIGURE 3: Initial IRT phasing. Note CCT municipal boundary shaded in white and outlined in black (CCT, 2010)	27
FIGURE 4: MyCiTi Phase 1 and interim Phase 2 routes as of 19 November 2014	36
FIGURE 5: MyCiTi Phase 2 trunk route proposal	42

ACRONYMS

BRT	Bus Rapid Transit
C-DTRS	City Directorate of Transport, Roads, and Stormwater
CATA	Cape Amalgamated Taxi Association
CCT	City of Cape Town (name of the Cape Town municipality)
CITP	Municipal Comprehensive Integrated Transport Plan
CODETA	Congress of Democratic Taxi Associations
DTI	National Department of Trade and Industry
EMV	Europay, MasterCard® and Visa®
IPTN	Integrated Public Transport Network (can include a BRT component)
NDoT	National Department of Transport
NLTA	National Land Transport Act (No. 5 of 2009)
NLTTA	National Land Transport Transition Act (No. 22 of 2000)
NTTT	National Taxi Task Team
OL	Operating Licence
P-DTPW	Provincial Department of Transport and Public Works
Prasa	National Passenger Rail Agency (under NDoT)
PRE	Provincial Regulatory Entity (operating license issuing authority)
PTIF	Municipal Public Transport Implementation Framework
PTISG	National Public Transport Infrastructure and Systems Grant (became PTNG)
PTNG	National Public Transport Network Grant
PTS	National Public Transport Strategy
Santaco	South African National Taxi Council
TBRT	Table Bay Rapid Transit
TCT	Transport for Cape Town (municipal transport authority)
TDA	Transport and Urban Development Authority (successor to TCT)
TOC	Transport Operating Company (formed out of minibus-taxi stakeholders)
TRP	National Taxi Recapitalisation Programme
VOC	Vehicle Operating Company (in the BRT system)
WCG	Western Cape Government (name of the provincial government)

ABSTRACT

From complete formalization encompassing Bus Rapid Transit (BRT) to corporatization of informal Public Transport owner/operators: Cape Town, South Africa is one of eight case studies part of a series titled 'Studies of Informal Passenger Transport Reforms in Sub-Saharan Africa'.

This report, written in July 2021, presents a case study of paratransit reform in Cape Town, South Africa. The case study focuses on recent efforts, initially structured around BRT implementation, to reform the minibus-taxi sector. This report comprehensively describes the reform process and results, introducing previously unpublished data and proposing an analysis of the outcomes for the main stakeholders. The case study also focuses on (i) regulation (including entry to the sector); (ii) socioeconomic performance; (iii) externalities; and (iv) labor-force issues.

The analysis is structured around a 'before' scenario, a during (referred to as 'the reform'), and an 'after' scenario, wherein reform processes are described, outcomes highlighted, and considerations for future reforms are proposed.

International experience with BRT projects, notably in Latin America, and related projections around the timeframes and expected financial commitments created high expectations nationally and locally in South Africa of what could be achieved by a BRT-led total reform programme. These expectations have by and large not been met. The first phase of the BRT in Cape Town nonetheless has significant demonstration value from which not only the public sector, but also numerous other parties can learn; these lessons would not have been possible had it not been implemented. A key lesson emerging from MyCiTi Phase 1 was that it was crucial to motivate minibus-taxi operators to become willing partners in the reform endeavour, while also equipping them to improve their businesses irrespective of the type of vehicle that they might end up operating.

Further, in the areas where Phase 1 BRT services now run, there has been a substantial increase in the supply of reliable, frequent, and scheduled public transport services.

EXECUTIVE SUMMARY

From complete formalization encompassing BRT to corporatization of informal Public Transport owner/operators: Cape Town, South Africa is one of eight case studies part of a series titled ‘Studies of Informal Passenger Transport Reforms in Sub-Saharan Africa’.

This report, written in July 2021, presents a case study of paratransit reform in Cape Town, South Africa. The case study focuses on recent efforts, initially structured around BRT implementation, to reform the minibus-taxi sector.

CONTEXT

The evolution of Cape Town’s public transport network is closely tied to urban development patterns set up during South Africa’s apartheid history. The creation of outlying residential settlements through forced removals increased demand for transport for the displaced residents to places of work. Urban rail and bus services were planned, built, and funded by the state to provide for and control this workforce’s movement but these became increasingly costly to fund and no longer met such travel demand. This set the scene for the explosive growth of minibus-taxi services in these years as an additional and necessary mode of public transport, often running in competition with bus and rail.

BEFORE REFORM

The shift towards a democratic government in 1994 spurred efforts to produce passenger transport strategies and policies aimed at dealing with spatial segregation and modal fragmentation.

In 2000, the first overarching piece of transport legislation in the democratic era was promulgated: the National Land Transportation Transition Act. This Act included a legal requirement that all minibus-taxi operators – the owners of the businesses and vehicles – had to join a registered taxi association to be able to apply for an operating license. This formalized the role of such associations in the management of the minibus-taxi sector and gave them a *de facto* role in regulating access to the market. Such associations proliferated as a result.

INITIAL REFORM APPROACHES

In 2006, FIFA announced that South Africa would host the 2010 FIFA World Cup, and it was this announcement that provided the impetus to all three spheres of government to coordinate efforts towards improving public transport. The commitments made to FIFA resulted in the National Treasury establishing a Public Transport Infrastructure and Systems

Grant Fund to support city municipalities' plans to invest in public transport to meet hosting obligations. To this end, Cape Town developed a Public Transport Implementation Framework, which proposed a network of Integrated Rapid Transit (IRT) to cover all of urban Cape Town over time.

The IRT project was to incorporate existing, directly affected road-based public transport operators, i.e. scheduled, subsidized bus operators, and the owners of unscheduled, unsubsidized minibus-taxi businesses. In return, these operators would qualify for financial compensation for the cancellation of their existing operating licenses and/or become shareholders in the IRT Vehicle Operating Companies. The amount of compensation was calculated as the legitimate profit (revenue less costs) that such businesses would have generated if they were to continue offering their existing minibus-taxi services for a period of seven years (a duration equivalent to the validity of a standard minibus-taxi operating license).

Cape Town's first phase IRT routing focussed on the 2010 World Cup requirements, but also on Cape Town's longer-term public transport needs. IRT implementation was to be led by the introduction of BRT trunk and 'feeder' services under the MyCiTi brand. In terms of infrastructure, MyCiTi trunk services would run in segregated bus lanes or on bus-only roadways, mainly in the middle lane of the respective cross sections.

REVISION OF REFORM APPROACHES

With a view towards defining the model for MyCiTi's longer-term Phase 2 operations, in 2014 Cape Town shifted from the Phase 1 full replacement model to a hybrid approach. This approach would

combine the conversion of existing bus and minibus-taxi trunk route operations into a bus Vehicle Operating Company, with the retention of minibus-taxi services as a significant, if not only, component of the feeder service network. It had become evident that it was essential to investigate ways in which the minibus-taxi industry and MyCiTi could optimally co-exist and complement one another. It also recognized that successful integration between MyCiTi and minibus-taxi services would not be easy to achieve – but if such hybridity could be achieved it would be of significant operational and financial benefit to the municipality, and in fact might be unavoidable due to budgetary constraints to cover MyCiTi Phase 1's indefinite operating subsidy needs. It also was likely to be able to provide a higher level of customer service.

CONCLUSION

Overall, international experience with BRT projects, notably in Latin America, and related projections around the timeframes and expected financial commitments created high expectations of what could be achieved by a BRT-led total reform of the minibus-taxi sector. These expectations were by and large not met. The first phase of the BRT in Cape Town nonetheless has significant demonstration value from which not only the public sector, but also numerous other parties can learn; these lessons would not have been possible had it not been implemented. A key lesson emerging from MyCiTi Phase 1 was that it was crucial to motivate minibus-taxi operators to become willing partners in the reform endeavour, while also equipping them to improve their businesses irrespective of the type of vehicle that they might end up operating.



1. INTRODUCTION

The French Agency for Development (AFD) appointed Transitec to produce a set of case studies on paratransit reforms in three cities across Sub-Saharan Africa: Dakar (Senegal), Cape Town (South Africa), and Kigali (Rwanda) – each one representing a specific type of reform. Through published data, reports and on-site unstructured interviews used to fill gaps, the objective was to present a detailed account of paratransit reform, how it was implemented, and its impact on the sector and on mobility at large. The case study method would demonstrate the successful and unsuccessful steps taken to improve and professionalize the paratransit sector and inform subsequent reforms.

The three case studies focus on four main areas: (i) regulation (including entry to the sector); (ii) socioeconomic performance; (iii) externalities; and (iv) labor-force issues. The issues from these four areas

are presented throughout the document without specific sections. Instead, the analysis is structured around a ‘before’ scenario, a during (referred to as ‘the reform’), and an ‘after’ scenario, wherein reform processes are described, outcomes highlighted, and considerations for future reforms are proposed.

This report, written in July 2021, presents the case of Cape Town, South Africa as it was during time of research and writing. The case study focuses on recent efforts, initially structured around BRT implementation, to reform the minibus-taxi sector. This report comprehensively describes the reform process and results, introducing previously unpublished data and proposing an analysis of the outcomes for the main stakeholders. Circumstances are changed to some degree at the time of publication (April 2023), and these are indicated in footnotes.

1.1. Transport context

Cape Town, on a peninsula at the south-western tip of Africa, is the oldest and second largest city in South Africa. With a population of more than four million residing in a metropolitan area of about 2 500 km², Cape Town is the seat of the South African national parliament. Its economy is highly diverse, including logistics, manufacturing (particularly high tech), finance, corporate headquarters, business support services, and tourism. Corporate headquarters and other service activities tend to cluster, so Cape Town has a disproportionately large central business district along with several other significant ones. The combination of geographical

constraints (between mountainous national parks and the Atlantic Ocean) and the legacy of apartheid spatial planning has led to a sprawling and low-density urban form.

The grid-like roadway system is well developed and well maintained, providing connectivity across the metropolitan area. There are a significant number of arterial highways as well as a toll road connecting outlying suburbs with each other and with the urban core. Nevertheless, Cape Town's relatively high income and motorization levels are factors in it being said to be the most congested large city in South Africa (Business Tech, 2020).

Figure 1: Cape Town's roadway system (Google Earth)

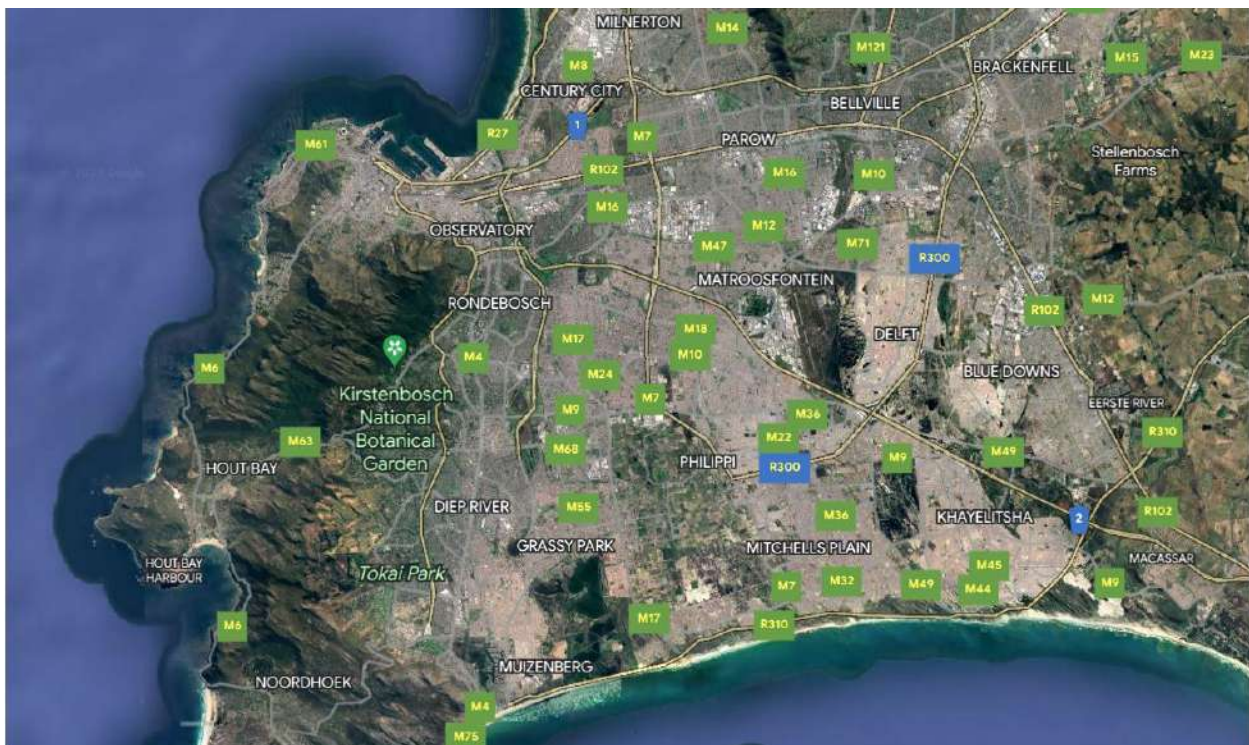
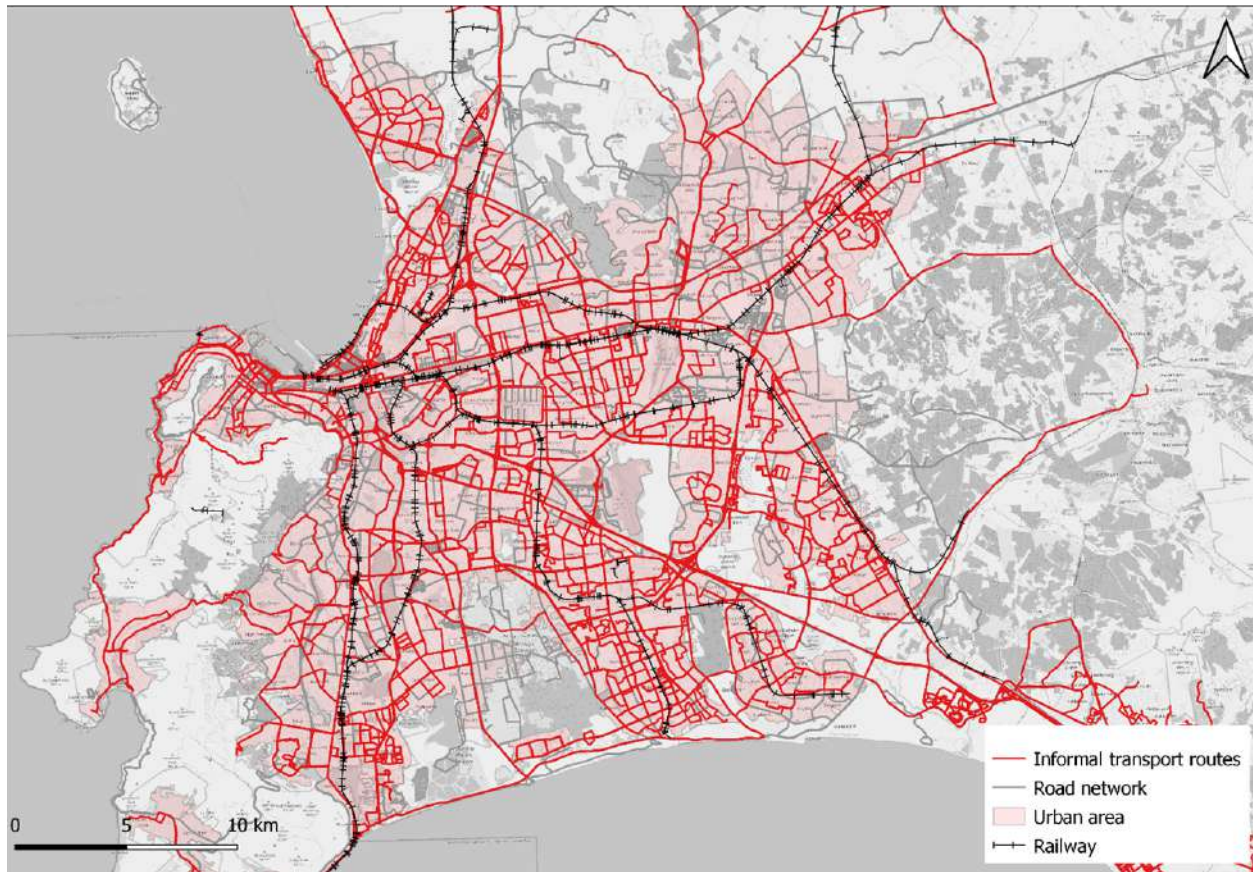


Figure 2: 'Before' public transport network



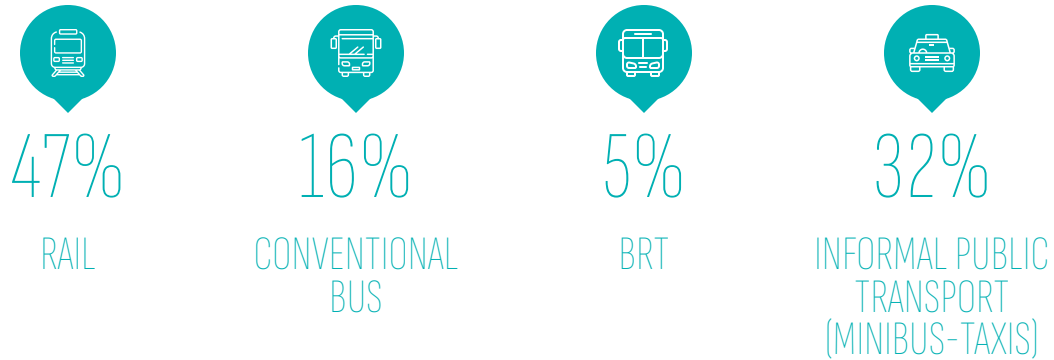
There are four public transport service types in Cape Town: (i) suburban/commuter passenger rail operated by a national parastatal; (ii) conventional scheduled commuter bus service connecting Cape Town's core to surrounding dormitory communities, operated by a private company contracted by the provincial government; (iii) Bus Rapid Transit (BRT), including trunk service and 'feeder' bus routes contracted by the City of Cape Town (the City); and (iv) 'minibus-taxi' informal public transport, nominally licensed by the provincial government but effectively left to themselves to develop and manage the day-to-day running of their routes.

Suburban (commuter) rail lines converge on Cape Town Station, the main terminal in the

city's urban core. Paratransit routes run in parallel to many of the conventional bus services, and also duplicate a substantial proportion of the trunk BRT and several of the feeder routes (although not necessarily on the same roadway).

South African national legislation requires that all municipalities prepare at least a local Integrated Transport Plan (ITP) on a five-year cycle (NDoT, 2006). The scope of these plans includes analysis of and planning for all modes of public transport within the municipal area. Metropolitan municipalities and larger district municipalities are required to prepare Comprehensive Integrated Transport Plans (CITPs).

Of total public transport travel in 2013, morning peak period shares of the various public transport modes were:



The City of Cape Town’s most recent Comprehensive Integrated Transport Plan (CITP) was released in 2018, spanning the 2018-2023 horizon (TDA, 2018). The quantitative data used in preparing the CITP is primarily from 2013, when the last 10-yearly National Household Travel Survey was conducted. The CITP data is by now out of date and focuses largely on work trips and morning peak period travel, but it remains the sole source of available quantitative information at the municipal/city-wide transport network level. In 2013, private car travel held a 53% share as the main mode of travel, public transport 38%, and walking/cycling 9%.

The public transport landscape has shifted significantly since 2013 – particularly a substantial decline in rail services for a variety of reasons, e.g., infrastructure and rolling stock issues. There has been relative stability in conventional bus services and a limited expansion of BRT, while minibus-taxis have expanded to fill most of the gaps left by the collapse of rail.

The impact of this decline is felt most keenly on the rail line that runs in the central southeast of the urban area, and which splits in two before it meets the southern coastline. This line used to have the highest ridership of all urban rail lines in the country, but has been defunct since 2019. Paratransit has filled most of the void, with a smaller contribution from additional conventional bus services. It is estimated that shortly after 2013 the market share of informal transport surpassed that of rail, to make it the largest public transport mode in the city.¹

The 2018 CITP also provides data on various aspects of the informal transport sector. Most services are provided using 16-seater minibuses, of which there are 10 100 with operating licenses in the overall metropolitan area. A further 400 nine-seaters and 205 five-seaters also have operating licenses. Previous CITPs estimated the number of informal transport vehicles operating without licenses at 5000, bringing the total sector vehicle fleet

1.

These inter-modal dynamics are discussed further in the main body of the report.

to the 15 000 to 16 000 range. The true size of the unlicensed cohort is difficult, if not impossible, to measure, which is perhaps why the 2018 CIP does not even attempt an estimate of the illegally operating fleet.

In terms of the operating and business models, operators belong to self-governing route associations, whose endorsement they need when applying for an operating license. The license, in turn, is for seven years and defines the respective route served and the owner and vehicle details. In local parlance, 'operator' is taken to mean the vehicle owner who is also the person or business in whose name the operating license is registered. There are around 7 400 of these operators in Cape Town, suggesting an average business size of between one and two vehicles per operator. These operators are members of one of the 102 route associations active in the municipal area in Cape Town. All associations in the country have a standard constitution agreed through the National Taxi Task Team (NTTT) process,² and an executive board (including a chairperson) that comprises operator members who are elected by all members of that association.

The associations' primary income is from a once-off 'joining' fee paid by vehicle owners who want to start operating on the association's route(s). The associations also receive monthly 'membership' fees paid by the member operators out of their fare revenue. These fees are set by associations individually and are not regulated by government or publicly released.

While the license application fee paid to the government is minimal (around ZAR 150/\$ 10 US), it is these joining fees that present the key barrier to entry into the sector.³ In exchange for such fees, associations provide administrative support for license applications, intervene in intra- or inter-association conflict, and manage vehicle queueing, despatching, and other functions at ranks and interchange facilities.

Under national legislation, these associations (called taxi associations) must be registered with the provincial regulatory authority, the same authority that issues operating licenses. Associations are formally represented by branch and provincial offices of Santaco, the South African National Taxi Association, which is a body elected through its branches by member associations and recognized by the national government as the main entity representing the sector in national matters. Support for Santaco is not universal in Cape Town, with many associations engaging directly with the municipal and provincial governments.

Day-to-day vehicle Operations, including service hours and fare collection, are usually managed by drivers. Some vehicles in Cape Town also have conductors, or touts, who encourage ridership for the respective vehicle/driver and collect fares from passengers. Conductors are paid by drivers. Drivers and owners agree on a daily fee, or revenue 'target' for the use of the vehicle, which the driver needs to generate from passenger fares. Some drivers work on a commission basis calculated on total fare revenue, or on a combination of the

2. As described in the body of the report.

3. On some of the more popular minibus-taxi routes in Cape Town joining fees reportedly exceed ZAR 180 000/ \$ 12 400 US per vehicle.

target and commission systems. Fares are always paid and collected in cash, which makes it difficult to determine what the base is from which commission is calculated. The revenue-sharing model between driver and owner and level of remuneration (i.e., the monetary value of the daily target or the commission percentage) is usually consistent within an association.

Fares are also set at the association level, with increases usually spurred by fuel price increases or changes in bus or rail fares on the same route. Irrespective of the type of revenue-sharing system, drivers are responsible for vehicle refuelling and fuel costs. Drivers' take-home pay is thus what is left over from a day's fare income after the target amount and fuel costs have been covered. This leads to long working

hours and is a root cause of aggressive and dangerous driving behavior both to attract and carry as many passengers as possible in the course of a day.

Unlike owners, drivers and conductors do not have a collective representative organization or labor union that intervenes in this situation, so any individual or collective labor concerns that drivers have need to be taken up with the relevant owner and/or associations. There is a clear hierarchy that needs to be observed in the sector: drivers have a hands-on, on-the-road role, while owners tend to be hands-off, absentee 'landlords'. Many owners were previously just drivers, saving to be able to purchase their first vehicle and pay the necessary license and association fees to join the 'landlord' class in the informal transport sector.



2. THE **BEFORE** SITUATION

(BEFORE 2010)

2.1. Building momentum for reform: national, provincial, and municipal initiatives

The evolution of Cape Town's public transport network is closely tied to urban development patterns set up during South Africa's apartheid history. The creation of outlying residential settlements through forced removals in the second half of the 20th century increased demand for transport for the displaced residents to places of work. In Cape Town such work was predominantly in light industry and as domestic labor in the central city and suburbs. Urban rail and bus services were planned, built, and funded by the state to provide for and control this workforce's movement, but as the apartheid regime started to buckle in the 1970s and 1980s, these rail and bus services became increasingly costly to fund and no longer met such travel demand. This set the scene for the explosive, organic growth of minibus-taxi services in these years as an additional and necessary mode of public transport, often running in competition with bus and rail.

2.1.1. National-level reforms

The shift towards a democratic government in 1994 spurred efforts to produce passenger transport strategies and policies aimed at dealing with spatial segregation and modal fragmentation. A National Taxi Task Team (NTTT) was formed at this time to investigate a range of issues in the minibus-taxi sector and to identify solutions that would ensure this sector's sustainability and competitiveness. The

NTTT recommended urgently addressing the following matters: (i) violent competition for routes and passengers; (ii) the industry's inability to regulate itself; (iii) the industry's highly fragmented, inconsistently operated nature, which could not present a unified negotiating position; (iv) the industry's shortage of managerial and labor skills to operate vehicles safely; and (v) the widespread exploitation of labor in the industry. As a direct outcome, a national minibus-taxi representative body with provincial and local branches, the South African National Taxi Council (Santaco), was formed, in 1996.

The NTTT's recommendations were furthermore incorporated in the 1996 White Paper on National Transport Policy (NDoT, 1996), which in 1998 was followed by an in-depth policy study called 'Moving South Africa' (NDoT, 1999). While both these documents argued for a large-scale shift from private to public transport and for public transport modal integration, little strategic attention was given to the minibus-taxi industry, nor to the inequitable system of bus and rail subsidies carried over from the apartheid years.

In 2000 the first overarching piece of transport legislation in the democratic era was promulgated, in the form of the National Land Transportation Transition Act (NLTTA, Act 22 of 2000) (RSA, 2000). The NLTTA provided a comprehensive framework for transport management, including a legal requirement that all

minibus-taxi operators – the owners of the businesses and vehicles – had to join a registered taxi association to be able to apply for an operating license. This formalized the role of such associations in the management of the minibus-taxi sector and gave them a de facto role in regulating access to the market. Such associations proliferated as a result. The NLTTA also provided for the creation of transport authorities at the municipal level. These authorities would be responsible for all functions related to transport, including planning and regulation. However, unlike in the minibus-taxi sector, public sector institutional change proved slow, with only one municipality (eThekweni, centred on the city of Durban) creating such an authority until the 2010s.

‘Moving South Africa’ laid the groundwork for a national Taxi Recapitalisation Programme (TRP), under the auspices of the national departments of Trade and Industry (DTI) and of Transport (NDoT). At its launch in 1999, and with a legislative foundation in the NLTTA, the TRP aimed at increasing safety and productiveness of minibus-taxi operations across the then estimated national fleet of 120,000 vehicles. In return for scrapping any old vehicle, operators would receive a ZAR50,000⁴ payment from the NDoT to either exit the industry or use towards the purchase of a new vehicle⁵ chosen off a list of approved models published by NDoT. The TRP also relied on an undertaking by taxi associations to formalize their operations through the conversion of existing radius-based (area) taxi permits to route-based operating licenses in terms of the NLTTA.

The DTI wanted to use the TRP to expand the local vehicle-manufacturing base, and competition in it, through the TRP process. This ambition resulted in a drawn-out, five-year-long tender process with potential manufacturers. When bids finally came in, the actual vehicle prices were far beyond what minibus-taxi owners could afford, and/or would have resulted in unpalatable fare increases were such costs passed on to passengers. The bid figures were never made public, but the lowest vehicle unit price was believed to have been more than double what operators paid for the dominant vehicle in the market at the time, the 16-seater Toyota HiAce ‘Siyaya’. The TRP’s manufacturing component was ultimately abandoned and replaced by an NDoT-issued list of approved vehicles to be sourced by operators themselves. Uptake of the scrapping allowance was slow. By its initial planned end date in 2013, 54,000 vehicles had been scrapped; after being extended, by 2018 the total was just under 73,000. The TRP has since been revised and relaunched, with the allowance growing to ZAR124,000, but few other details and no further statistics have been released.

2.1.2. Institutional structure

Before looking more closely at the Cape Town reform process, it is important to reflect on the institutional arrangements related to public transport functions in large urban municipalities in South Africa. The local governments in these large cities, including the City of Cape Town municipality,⁶ are called Metropolitan

4. ± \$3 450 US at July 2021 exchange rates; the scrapping amount is increased from time to time and currently stands at ZAR 124 000/\$ 8 550 US or roughly 25% of the current price of the most popular minibus model of ZAR 496 000/\$34 200 US.

5. With a seating capacity that is the same, or 20% more/less, than the capacity of vehicle submitted for scrapping. The new vehicle must also have: an anti-lock braking system; side, rear and roof emergency exits; strengthened seat mounting points; and seatbelts for all seating positions.

Municipalities, and have a relatively well-developed, if complex, institutional structure, with some variance across the different modes of public transport are treated. Provinces and metropolitan municipalities furthermore have a degree of autonomy in terms of which entity performed these functions, while there were also overlapping mandates in some functions. Table 1 provides an overview of these functions in relation to the ‘before’ situation and with reference to Cape Town and the Western Cape.

As the table shows, there was a broad mix of agencies at all levels of government with public transport responsibilities. Although the national government regulated the rail operating agency’s services through the NDoT, provincial governments were responsible for regulating and administering operating

subsidies to scheduled commuter bus services. Minibus-taxi services, on the other hand, were marginally regulated by the Provincial Operating Licence Board (later renamed the Provincial Regulating Entity, or PRE), with planning input from the municipality in relation to new routes and the rationalization of operating licenses.

At the same time, minibus-taxi services were self-regulated by taxi associations. To apply to the PRE for an operating license, individual taxi owners had to belong to one of these associations. Such associations’ authority tended to cover either a particular route, a set of routes, or a geographical area, and taxis had to be physically identified with the respective association/ area/route. The association also had to be formally registered with the PRE – an outcome of the NLTTA formalization process discussed previously.

Table 1: Institutional structure relevant to public transport in Cape Town

Function/mode	Passenger rail (Metrorail)	Scheduled bus	Minibus-taxi
Policy formulation	NDoT	NDoT, P-DTPW	NDoT, P-DTPW
Competition regulation	NDoT: National Public Transport Regulator	P-DTPW: Provincial Regulatory Entity	P-DTPW: Provincial Regulatory Entity, taxi associations
Planning	NDoT: Passenger Rail Agency of South Africa (Prasa)	P-DTPW, C-DTRS	C-DTRS, taxi associations
Law enforcement	NDoT: Passenger Rail Agency of South Africa	P-DTPW, C-DTRS	P-DTPW, C-DTRS
Service provision	NDoT: Passenger Rail Agency of South Africa	Private operators under contract to P-DTPW	Private operators under taxi associations

NDoT = National Department of Transport

P-DTPW = Provincial Western Cape Government, Department of Transport and Public Works

C-DTRS = City of Cape Town, Directorate: Transport, Roads, and Stormwater⁷

6. In 2000 the fragmented municipalities that made up the greater Cape Town urban and peri-urban area were combined into a unitary authority called the City of Cape Town. Similar processes happened in other large cities around this time.
7. This entity later became TCT, then TDA, then the Directorate: Transport, as discussed later in this report.

2.1.3. Public transport reform initiatives in the Western Cape Province

By the early 2000s, the minibus-taxi sector had proven to be dynamic and showed rapid growth. In 1998, rail-based services in Cape Town had a substantially high modal share (62% of work trips) compared to conventional buses and minibus-taxi services, which had comparable shares, at 18% and 20% of work trips, respectively. Minibus-taxi modal share increased to 24% in 2000, while rail services (at 62%) and conventional buses (at 14%) saw their shares remain stable or decreased.

In parallel to the above timeframe, the Western Cape Provincial Government (WCG) and CCT municipality partnered on two initiatives that included minibus-taxi sector stakeholders. In 2003 the partners proposed a BRT line to replace existing bus and minibus-taxi service along Klipfontein Road, an important arterial road in the city. This corridor-wide project also proposed formal 'feeder' services, new walking and cycling infrastructure, and more dense, walkable, and public transport friendly land use. Despite reaching a detailed design level at significant expense, little came of the project. Then, in 2005, the provincial government, reflecting the 1997 provincial White Paper on Transport Policy (WCG, 1997) developed a plan to integrate all road-based public transport modes in Cape Town. The plan proposed the incorporation of bus and minibus-taxi operations into a formal trunk and feeder system organized around 15 geographic areas covering the city. The plan did not reach fruition, reportedly due to conflicts between these two government authorities over their respective areas of transport planning responsibility.

By the time that these two initiatives had collapsed, CCT's 2005 public transport survey showed that modal shares had shifted further still in favour of minibus-taxis at the expense of rail, with buses regaining their 1998 share. The rail share of daily public transport trips stood at 53% (or 602,000 daily passenger trips), while that of minibus-taxis was 29% (332,000 daily passenger trips) and buses at 18% (or 197,000 daily passenger trips).

The same data indicated that at the time there were 104 registered minibus-taxi associations active within the municipal boundary, and a further ±50 associations based in Cape Town covering destinations beyond the city boundary. Besides government-recognized associations, there were also two super-associations, or 'mother bodies',⁸ with bases in Cape Town to which some of the route-/area-level associations belonged. These were CODETA, the Congress of Democratic Taxi Associations, and CATA, the Cape Amalgamated Taxi Association.

The total minibus-taxi fleet was estimated to be 7,467 15-seater vehicles operating on 565 routes in the city of which 4,253 (or 57%) had valid operating licenses. There was also no mention of the scale or contribution of a sub-industry within the minibus-taxi sector that used five- or seven-seater vehicles that typically circulated in informal settlements but not on defined routes outside them. These 'amaphelas' (cockroaches, so named for their scurrying after passengers out of sight of law enforcement) had been a feature of this sector for many years.⁹

8. These mother bodies are not in themselves registered at the PRE, though they wield significant political power. There are a number of them across the country, many of which straddle provincial boundaries. In practice they take over the role of the individual route associations that form part of them.

9. The first mention of amaphelas in CCT reports appears to be in the municipality's 2013 Comprehensive Integrated Transport Plan (CITP) (CCT, 2013). It was only in the 2018 CITP that there was some mention of the scale of these operations (at 605 vehicles), which may have developed after efforts led by the WCG from 2013 to legalize these operations. The total size of this sub-industry is still not known.

2.2. The build-up to 2010 FIFA World Cup and reform acceleration

In 2006, FIFA announced that South Africa would host the 2010 FIFA World Cup. Rather than public or political pressure, it was this announcement that provided the impetus to all three spheres of government – municipal, provincial, and national – to coordinate efforts towards improving public transport. The commitments made to FIFA included that (i) public transport infrastructure and services in the hosting cities would be extensively improved, and (ii) the National Government would commit substantial funding to the hosting cities to implement such public transport improvements. These commitments resulted in the National Treasury establishing a Public Transport Infrastructure and Systems Grant Fund (PTISG) to support city municipalities' plans to invest both in public and non-motorized transport to meet these event hosting obligations.

2.2.1. Using BRT to reform the minibus-taxi sector

The renewed focus on public transport spurred by the World Cup hosting led to a national transport conference in October 2006, which in turn resulted in NDoT releasing a new national Public Transport Strategy (PTS) in 2007 (NDoT, 2007). The conference and the PTS thus provided a framework for hosting cities to develop their public transport improvement plans. In Cape Town, CCT developed its city-

specific Public Transport Implementation Framework (PTIF), also in 2007 (CCT, 2007). It was this PTIF that laid the foundation for the municipality's Bus Rapid Transit (BRT)-led reform project, internally named the Integrated Rapid Transport (IRT) project. After the launch this was branded MyCiTi, a name determined through a public competition.

The national PTS and municipal PTIF contrasted with the previous policy and project approaches outlined above. It proposed 'Integrated Rapid Public Transport Networks' (IRPTNs) for each metropolitan city, to be developed in geographic phases and over time to incorporate all public transport operations, including minibus-taxis, into the resulting networks. New legislation was also developed to form the legal foundation for this new reform approach – in 2009 the National Land Transport Act (NLTA, Act 5 of 2009) (RSA, 2009) replaced the NLTTA of 2000 (RSA, 2000). The NLTA referred to the networks that would be created under the PTS as Integrated Public Transport Networks (IPTNs).

2.2.2. Moving towards a comprehensive city-wide reform approach

CCT commissioned the construction of a new stadium near the Cape Town city centre to host matches. This was located, at the request of the FIFA chairperson,

against the scenic backdrop where the Table Mountain range meets the Atlantic Ocean. To provide adequate access to the stadium, CCT committed to providing public and private transport facilities, as well as shuttles for passengers moving between the stadium and park-and-ride and public transport facilities. There was also a further requirement to provide public transport stations and stops linking the stadium and other strategic points across the city, e.g., the international airport and hotels clusters across the central city.

In October 2007, CCT formed an internal project office to make the IRT a reality and to meet the event hosting commitments. In November 2007 an international advisor

with experience in BRT implementation in South America was appointed to the project team. During the same month, politicians, municipal officials, and technical consultants undertook a BRT study tour to Latin America. In February 2008, CCT was awarded its first PTISG allocation to begin IRT construction, while in parallel to this, operational costs were modelled and preliminary design was completed for the roadways, the required buses and operations. CCT in early 2008 also conducted a one-day survey to establish which public transport operators and collectives would be affected by proposed IRT routes and to determine their market shares.

2.3. The initial reform proposal

2.3.1. The ambitious IRT

The 2007 PTIF set out a proposal for a network of Integrated Rapid Transit (IRT) to cover all of urban Cape Town over time. This network would involve road-based public transport and existing rail lines, organized around a system of new BRT trunk corridors to complement existing rail lines, and 'feeder' routes operated as part of the BRT system. The decision to embark on BRT was made on the assumption that selected outcomes and 'best practices' from Bogotá, Brisbane, Curitiba, Guayaquil, Ottawa, Quito, and Seoul (and a few other cities especially in Latin America, as noted in the PTIF) could be replicated in Cape Town. Some of the reform characteristics from these cities that were intended to be duplicated included: limited construction cost and short timeframes; geographically phased planning and implementation; the

absence of direct operating subsidies; bus operations profitability; and ostensibly short timeframes for negotiating with and incorporating existing public transport operators.

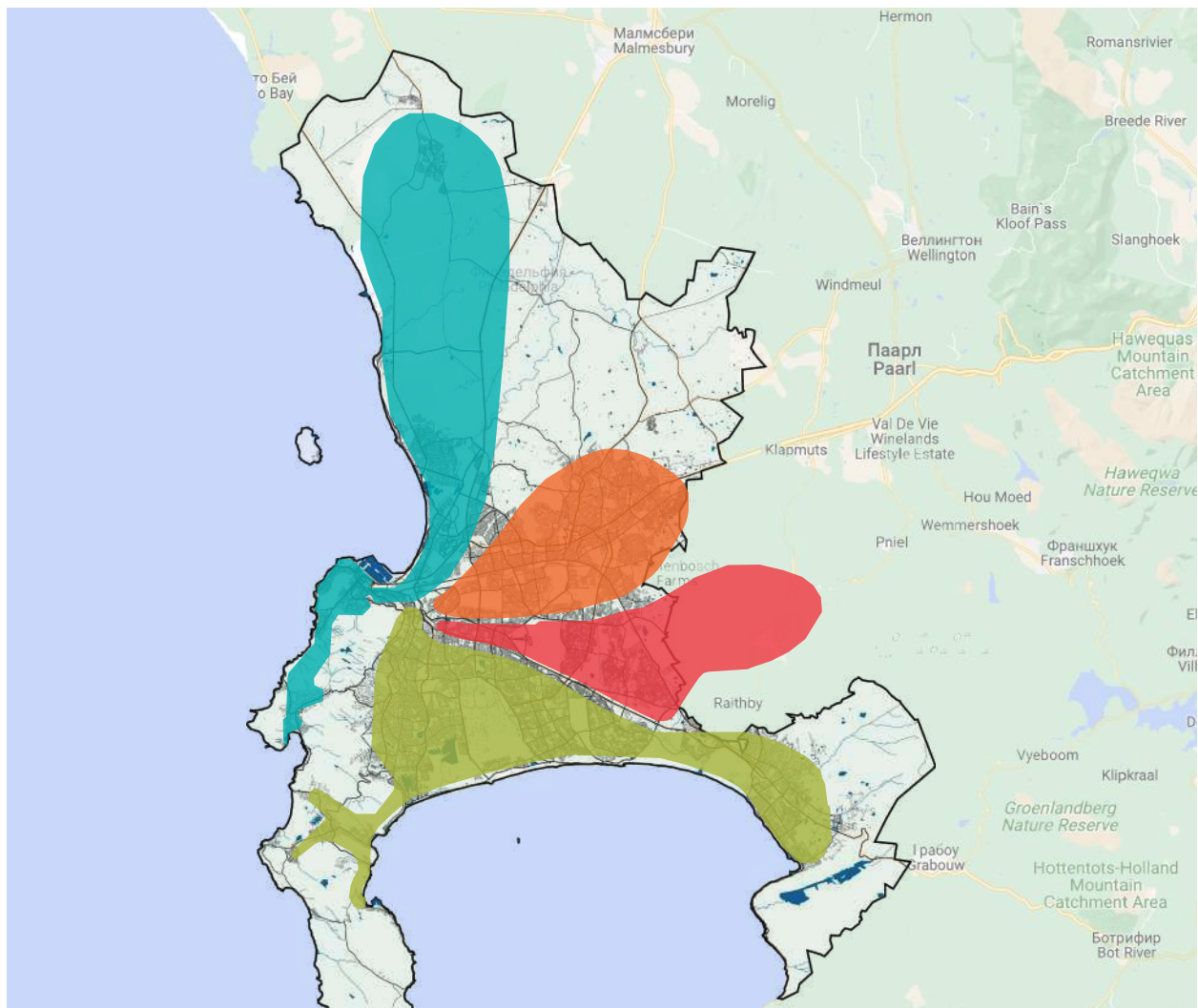
Cape Town's rail infrastructure was from the outset recognized as a key part of the IRT trunk route network. However, since the responsibility for rail planning and implementation rested with the national passenger rail authority (a state-owned enterprise overseen by the NDoT), CCT had limited influence and no control over rail services within the municipal boundaries. This further motivated for a road-based public transport reform approach, as it was more attuned to the municipality's existing functions. Considering the pressures of making good on the transport commitments for the 2010 World Cup, the expectation particularly of BRT's apparently

short implementation timeframe was a key factor in the initial selection of this public transport mode to be the foundation for the reform. This expectation was directly informed by desktop appraisals for the PTIF and subsequent reports, as well as observations made during the 2007 study tour to South America.

In line with the national PTS approach to phase IPTN projects, CCT's first phase IRT routing focussed on the 2010 World Cup requirements, but also on Cape Town's longer-term public transport needs to leave a transport legacy for the city after the

2010 event. Several factors impacted the choice of corridor for the first IRT phase. These included the World Cup transport commitments, CCT's urban planning priorities, the extent and nature of the city's public transport network, passenger demand patterns, and the organizational layout of existing public transport operators. Informed by these factors, ultimately CCT's implementation proposal was split into four geographically defined 'balloons' (see Figure 3), with a target end-date of 2020 to complete all project phases.

Figure 3: Initial IRT phasing. Note CCT municipal boundary shaded in white and outlined in black (CCT, 2012)



2.3.2. The place of the minibus-taxi sector in the reform

It was proposed that during all phases the IRT project incorporate existing, directly affected road-based public transport operators, i.e. scheduled, subsidized bus operators, and the owners of unscheduled, unsubsidized minibus-taxi businesses. Directly affected operators were defined as being those:

- whose services would be replaced by a particular phase of the IRT;
- whose legal rights as defined in their provincially issued operating licenses would be impacted; and
- who agreed to surrender such operating licenses and the vehicles linked to these operating licenses.

In return, these operators would qualify for financial compensation for the cancellation of their existing operating licenses and/or become shareholders in the IRT Vehicle Operating Companies (VOCs). The amount of compensation was calculated as the legitimate profit (revenue less costs) that such businesses would have generated if they were to continue offering their existing minibus-taxi services for a period of seven years (a duration equivalent to the validity of a standard minibus-taxi operating license).

Drivers and other employees in affected minibus-taxi businesses could ask to be placed on an IRT employment register for preferential placement. Drivers could qualify as IRT bus drivers, with training funded by the IRT project, and they and other employees could be placed in line for positions in IRT station and service contracts. However, there were no guarantees of placement and no financial compensation paid to minibus-taxi employees. Ultimately, since the

cost component of the compensation calculation included driver remuneration, it effectively became the responsibility of owners and associations receiving compensation to determine the future role – or fate – of drivers and other employees once they became part of the IRT system.

Affected operators would have one of three options once IRT operations were running and the VOCs were formally constituted. The first option was that, in return for compensation, they would give up their existing operating rights in the IRT Phase 1 area and convert the value of such compensation into shares in the VOCs. The second option was that operators convert only a portion of the compensation into shares in the VOC and take the remainder of the compensation as a cash pay-out. The third option was to take the entire compensation amount as a cash pay-out and relinquish the right to operate public transport services in the Cape Town municipality in perpetuity. Some operators who were only partially affected, in that their existing routes only partially overlapped with that of proposed IRT routes, were to be treated proportional to the extent of such overlap. Partially affected operators would be offered the cash value of the portion of the routes that they surrendered, the value of which was based only on the fare revenue, and not profitability, of the affected route portions.

A new competition regulation regime was also proposed for IRT operations. Affected operators who opted into becoming part of a VOC would enter a gross-cost contract between CCT and the VOC to run MyCiTi services for a 12-year period. CCT would collect all fares and remunerate the VOC on an agreed per-kilometer rate. These contracts were governed by the NLTA. In terms of that Act, the length of a VOC contract would be limited to a maximum of 12 years, and such contracts could only be

entered into at the start of the first 12-year cycle. Thereafter VOC operating contracts had to be put out to an open tender.

A key motivation for the 12-year timespan written into the NLTA was that it would allow sufficient time for minibus-taxi operators to establish themselves as viable companies in what to most of them would be an unfamiliar, scheduled bus operating environment. Once bidding was opened at the start of the second contracting cycle,

these companies would then be able to hold their own against international bidders. A further, linked, motivation for such an extended contract duration was that municipalities were legally limited to contracting service providers, whether for transport or other functions, up to a maximum of three years. Extending such contracts was an onerous matter, requiring amongst others consultation with the National Treasury, local public participation, and municipal council approval.

Table 2: Distribution of responsibilities prior to reform – minibus-taxi perspective

Analysis element	BEFORE situation
[1] Network elements	
Route definition	Routes developed/proposed by minibus-taxi association, license application endorsed by municipality ¹⁰ and awarded by provincial regulatory authority (PRE)
Stop locations	Determined by minibus-taxi driver and/or as requested by passengers
Terminal station management	Facility provision by municipality, management usually taken on by minibus-taxi association(s) based at each terminal
Service hours/span of service	Determined by minibus-taxi driver and/or owner
[2] Operational elements	
Frequencies / headways	Determined by minibus-taxi association, owner and/or driver, and regulated by 'rank marshal' employed by association
Fare setting	Determined by minibus-taxi associations
Ticketing system	Cash-based, collected by drivers/conductors on board vehicles
Vehicle quantities/assignments	Determined by minibus-taxi associations
Vehicle specifications	Determined by NLTA and NDoT
[3] Working conditions	
Salaries	Commission and/or daily target by agreement between owner and driver
Social security, benefits	None
Driving behavior	Determined by driver, informed by need to meet daily revenue target

10. New or amended routes must be in line with the municipal Comprehensive Integrated Transport Plan, thus when operators apply for operating licenses at the PRE, the application needs to be accompanied by a municipal endorsement indicating support for the application.



3. TWO **CONSECUTIVE PHASES** OF REFORM

3.1. The initial reform rationale and objectives

3.1.1. Description of the BRT project

In its planning for the IRT project, CCT laid down several principles, set out below, to guide project implementation across the four project phases shown in the Table above:

- The system would offer a high-quality, car-competitive service. The customer experience would include fast travel times, few transfers, frequent services, a clean, comfortable travel environment, and helpful staff;
- The system would actively contribute to social equity, by offering the same high-quality public transport service irrespective of a customer's income level, gender, age, or physical ability;
- The system would be secure throughout, giving customers the confidence that their personal safety and security would not be threatened while in the IRT system;
- The system would be sustainable, by being implemented with careful consideration to the system's financial viability, the environment, and social equity;
- The system would be implemented with integrity, in an open, transparent, and participatory manner.

IRT implementation was to be led by the introduction of BRT trunk and 'feeder' services in Cape Town under the MyCiTi brand. In terms of infrastructure, MyCiTi trunk services would run in segregated

bus lanes or on bus-only roadways, mainly in the middle lane of the respective cross sections. Trunk stations were to be easy to access for all – including disabled travelers – secure, and offer weather protection. To achieve seamless universal accessibility and ease of boarding in general, station platforms and bus floors would be at the same level. Special stations would provide integration and convenient transfers between trunk routes, feeder routes, and the rail system.

MyCiTi operations would be characterized by a fleet of new and modern vehicles that would offer users a frequent and rapid service, with quick boarding and alighting. Besides level boarding, this would be achieved through pre-boarding fare collection and pre-boarding fare verification on trunk routes. The fleet of vehicles initially was envisaged to comprise high-floor 18-meter (articulated) and 12-meter buses on trunk routes, and 9-meter low-floor buses on feeder routes. In recognition of operational limitations, 6-meter feeder vehicles were designated to be added later. Fare collection would be by means of an EMV smartcard-based integrated fare system across trunk and feeder routes and operated by the municipality. MyCiTi would also offer improved connections with other modes of transport, especially non-motorized transport. Areas adjacent to stations would facilitate pedestrian movement. Bicycle rental, pedicab, and motorized three-wheeler feeder services were intended to be available at selected stations. Some stations were to offer secure parking for bicycles.

3.1.2. Changes to support operations

The institutional and business structures for MyCiTi would also be significantly different from the status quo. A reformed business model would bring existing bus and taxi operators together in a contractual relationship with CCT to provide the bus services. A transparent process was to be followed to award the contracts under which services would be rendered. The fare management system would be managed independently to increase such transparency. Further to the fiscal aspects of the system, the projected finances were to minimize reliance on public sector subsidies for the new bus operations.

MyCiTi in its conceptual stages relied on advanced technology to revolutionize the way in which public transport services would function and be managed. This included the use of vehicles with low-emissions and low-noise motive technology, and the provision of signal priority for public transport at intersections

both to increase efficiency and as a visual promotion of public transport. The automated fare collection system would also be allied with the use of other Intelligent Transportation System (ITS) technologies for better management of operations.

The last key focus area for MyCiTi was on marketing and customer services. All facilities, infrastructure, systems, and equipment would carry a distinctive brand identity. Vehicles and stations would be clearly distinguishable as forming part of the MyCiTi system, as would the smartcard system, which upon launch became known as MyConnect. Behind the scenes, MyCiTi would strive for excellence in customer service; this would be achieved through a high standard of passenger information provision at stations and onboard vehicles, as well as through good signage and maps at and near stations. Passengers with special needs would be cared for throughout the system.

3.2. Initial MyCiTi Phase 1 – comprehensive BRT focus: 2007-2015

The extent to which the MyCiTi project was motivated by, and tied into, World Cup dynamics cannot be overstated. CCT had to provide public transport links between the airport, the central train station and other major public transport facilities in the city centre, and the stadium. CCT furthermore had to ensure that there were public transport services at matches from the respective World Cup venues, as well as from more distant park-and-ride facilities along key urban freeways leading into the city core. The decision about the location of the new stadium in Green Point, partially on the site of an older and smaller municipal stadium, was to a large extent imposed on CCT. This concentrated public investment in what was (and still is) a well-off part of the city, but CCT had little choice in the matter. However, the stadium project also included a precinct upgrade, with a new public park being built, sport field refurbishment, and walking and cycling facilities.

While the stadium has stood largely unused in the years since the World Cup,¹¹ the park has become a major attractor of residents from all over the city. Access to it is facilitated by connecting MyCiTi services. At the time, these improvements went some way to addressing social equity and public investment concerns related the World Cup.

3.2.1. Corridor choices and approach to reforming incumbent paratransit services

Beyond the World Cup imperatives, CCT had greater freedom in directing its public transport resources. The West Coast-Inner City-Hout Bay corridor was selected for the non-World Cup geographical area of Phase 1 (see Figure 2). This decision was informed by multiple factors, including the topography of existing operator routes, the absence of mass passenger transport system providing an alternative to private car travel, and the need to provide a reliable public transport connection between the northerly satellite town of Atlantis – created through forced resettlement by the apartheid regime – to the rest of Cape Town. Of these, by far the most important consideration was that the organizational structure of existing informal transport operations was less complex than in other parts of the city. The areas and routes served by the taxi associations in this part of the city did not overlap substantially. Furthermore, the number of associations was small in relation to the area they served, in comparison with other parts of the city; Phase 1 covered about a quarter of the urban area yet only had eight local taxi associations (out of a total of 102 associations overall in Cape Town).

11.

It was only in 2019 that CCT found a tenant, the Western Province Rugby union, who will start their 2021 season in the new stadium. Prior to this agreement the stadium was primarily used for occasional entertainment and religious events.

A one-day survey of affected existing operations, and the revenue these generated, was carried out in March of 2008. The survey was useful in confirming which operating entities were active in the project area, but because of methodological flaws it did not accurately capture various quantitative parameters for such entities, including fleet sizes.¹² Out of a total of 102 minibus-taxi associations active in the municipal area, the survey showed that on the West Coast portion there were only five such associations, and one bus operator, Sibanye Bus Services. In the inner city and Hout Bay region there were just three taxi associations and a limited number of services provided by the conventional bus operator, Golden Arrow Bus Services (GABS). Since industry transition (as this workstream became known within CCT) was untested territory, starting implementation in the part of the city with the most evident and 'simplest' existing operator cross-section was deemed to offer the greatest chances of completion.

3.2.2. An urgent solution for the FIFA World Cup of 2010

In August 2008, CCT approved the implementation of a portion of the first phase, Phase 1A, of the MyCiTi system. This included the first BRT trunk and associated feeder routes on the West Coast corridor. In October 2008 the CCT held a public information presentation for residents along this corridor, in Bloubergstrand, located near its centre. This event was envisaged to be the first of many public engagements. Early in this meeting it was disrupted by minibus-taxi operators who were disgruntled with the fact that they had not been consulted in the design and implementation of the MyCiTi system. CCT cancelled planned public meetings

in other areas affected by the first phase, instead organizing a city-wide minibus-taxi summit to be held the next month. This summit was the first event where the broader minibus-taxi industry in the city was consulted around the project. Around 300 representatives were invited to it, two to three individuals from each of the minibus-taxi associations in the city. This event was also disrupted by operators who could not gain access to the venue, as they did not receive invitations; some of them threatened violence and proceeded to storm the venue before the event could commence, forcing the summit to be abandoned. This turn of events led to CCT, early in 2009, paying greater attention to operator engagement by issuing the first draft of a MyCiTi operator prospectus. This formed the basis for discussion with existing road-based operators affected by proposed routes. These discussions specifically with affected operators continued on a regular basis over the course of that year.

Early in 2010, with the World Cup rapidly approaching, CCT entered into an agreement for event-related transport services during and immediately after the World Cup with newly formed company TransPeninsula; TransPeninsula's shareholders were the three minibus-taxi associations affected by the planned longer term MyCiTi routes in the Phase 1 area southwards of the city centre (marked as 'CBD' in Figure 3). TransPeninsula also managed the new stations in this period.

After the World Cup, the pressures of event-based planning and operations receded and the focus of CCT and the industry transition process returned to the long-term public transport services that MyCiTi would provide. Once the 2010 MyCiTi Phase 1A Business Plan had been approved by the municipal council, CCT intended to negotiate the longer-term

12.

A multi-day survey was again carried out amongst affected operators in October 2010 to January 2011 to address these concerns.

routes with the envisaged two operating companies that would be created to provide MyCiTi services – referred to as Company A and Company B at that time.

Company A would incorporate the three taxi associations making up TransPeninsula as well as affected GABS bus routes in the same area; TransPeninsula would be retained as the name of the consolidated company. Company B would comprise Sibanye Bus Services and the affected services of the five minibus-taxi associations active in the northern section of the Phase 1 area, taking up the name Kidrogen. The affected operators would invest their compensation payments in the VOCs, with the compensation value of each affected vehicle becoming one share in the VOC, thus creating the starting capital for the new company. It was left up to the shareholders to appoint the management and employees of VOCs, though CCT contributed to both the VOC negotiations and setup processes by making substantial budgets available to the affected operator groupings to appoint negotiations, legal and financial advisors of their own choosing. In the case of both VOCs, their existing minibus-taxi and bus services would be cancelled and replaced by BRT trunk or feeder services; it was essential particularly to the minibus-taxi operators to have access to such advice to help them navigate what would be unfamiliar forms of business structure as well as to move to running scheduled operations.

Back to long-term minibus-taxi reform

There was friction between bus and minibus-taxi operators within both the VOC groupings. This ultimately led to GABS withdrawing from TransPeninsula and Sibanye from Kidrogen. Together these two bus operators formed a third VOC,

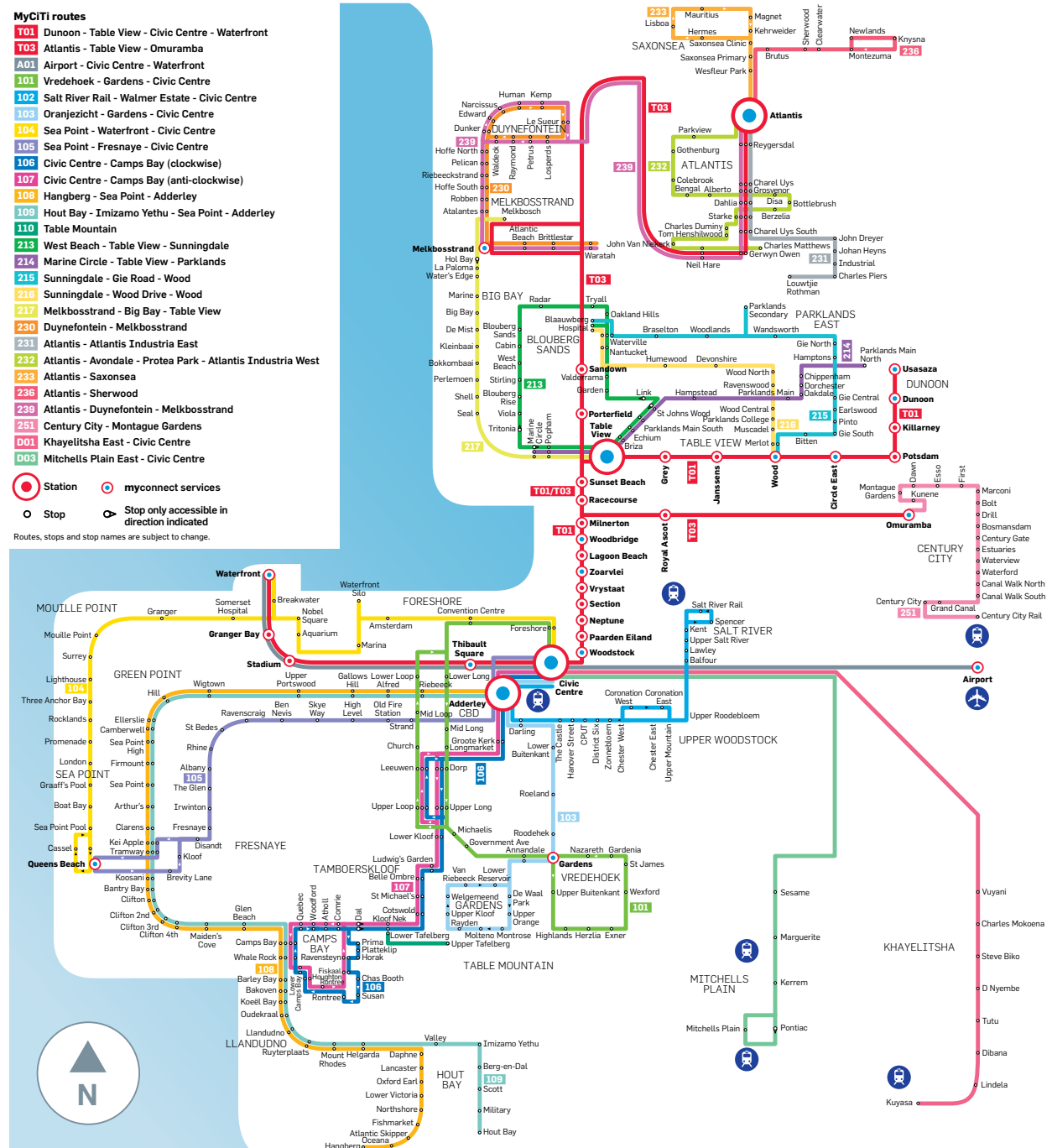
Company C, which shortly after took up the name Table Bay Rapid Transit (TBRT).

Thus, at the start of May 2011 CCT entered not into the initially planned two, but rather three, interim vehicle operating contracts. As would be the case in the permanent MyCiTi routes, the interim contracts were gross-cost contracts under which CCT set and collected fares, assumed the financial risk, and paid the operators an agreed per-kilometer rate. CCT also procured the initial fleet of buses on behalf of the operators, who once the permanent contracts were in place and compensation agreed and paid out would purchase the buses and assume ownership.

Signing the interim contracts allowed CCT and affected bus and minibus-taxi operators to move beyond the temporary World Cup operations to the Phase 1A longer-term routes. The initial fleet of 35 12-meter and eight 18-meter articulated buses that CCT had procured for the World Cup services – many have stood idle since the event – could also be put to work and the full fleet procured. Operations modelling at this time indicated the need for a total of 310 buses: 192 8-meter or 12-meter feeder buses, and 87 12-meter and 31 18-meter articulated buses for trunk operations.

Later, in May 2011, the first of the new long-term routes opened under these interim contracts. These routes were the trunk route from the city centre up the West Coast, operated by GABS (in effect, Company C), followed later in the month by feeder routes on the northern end of the trunk route, run by the minibus-taxi based Company B, Kidrogen. The airport and inner-city routes operated by TransPeninsula (Company A) since the World Cup were maintained.

Figure 4: MyCiti Phase 1 and interim Phase 2 routes as of 19 November 2014



Contrary to earlier expectations, by this stage in the project there was no doubt that MyCiTi bus operations would not be financially viable or profitable without some form of ongoing financial support from government. The National Treasury's Public Transport Network Grant (PTNG), which in 2011 succeeded the earlier PTISG, was not intended to provide such long-term operating subsidy support, thus CCT had to make the decision to commit up to 4% of municipal property rates income to make Phase 1 operations (and later the interim Phase 2 service discussed below) financially viable. Prior to this, CCT had no recurring obligations to fund public transport operations – existing scheduled bus and rail services were funded, respectively, by provincial and national government deficit subsidies.

In October 2013, the negotiation process between CCT and the three VOCs was finally concluded, and the operating contracts signed and ratified by CCT. Since the contracts were signed, Phase 1 routes have rapidly expanded their geographic reach, particularly in terms of feeder services. The VOC formation issues relating to company formation have by and large been resolved. By the time all Phase 1 routes had become operational, late in 2014, a total of 661 minibus-taxi operating licences had been surrendered, with the operating license-holders taking up compensation.¹³ The bulk of these compensation proceeds were invested as shareholding stakes in the VOCs. These routes are shown in Figure 4. The figure also includes the two 'N2 Express' pilot routes to Khayelitsha and Mitchells Plain in the city's south-eastern quadrant, which were launched in July 2014 as part of the second project phase, discussed hereafter.

3.3. The situation in 2013-2014

By 2013, minibus-taxis had become the main public transport mode in Cape Town. Pertaining to daily work trips, this sector carried 44% of the demand, while rail services fell to 32% (from 54% in 2005) and conventional bus regained some presence reaching 23% (from 17% in 2005). MyCiTi services, in their earliest stages, were responsible for roughly 1% of the demand.¹⁴

Compared to before the reform, the situation pertaining to operators participating in Phase 1 of the reform (as indicated in Figure 2) had substantially evolved. The Table below presents some of the main elements.

13. The average value of such compensation per operating license was in the region of ZAR 1m, or \$ 72 000 US, though these figures were not made public.

14. CoCT 2013.

Table 3: Distribution of responsibilities in MyCiti Phase 1 – Vehicle Operating Company (VOC) perspective

Analysis element	BEFORE situation	First reform phase objectives for paratransit sector (affect paratransit operations only)
[1] Network elements		
Route definition	Minibus-taxi association	Determined by municipality, with license application endorsed by municipality and awarded by provincial regulatory authority (PRE) ¹⁵
Stop locations	Minibus-taxi driver	Determined by municipality
Terminal station management	Minibus-taxi association	Station service contract awarded by municipality
Working hours	Minibus-taxi driver	Determined by VOC under national labor legislation and related transport sectoral agreement
[2] Operational elements		
Frequencies / headways	Minibus-taxi association	Determined by municipality
Fare definition	Minibus-taxi association	Determined by municipality
Ticketing system	Cash/driver-monitored	Cashless, implemented and managed by municipality compliant with NLTA and NDoT specifications
Vehicle quantities	Minibus-taxi association	Determined by municipality
Vehicle specifications	NDoT	Determined by municipality compliant with NLTA and NDoT specifications
[3] Working conditions		
Salaries	Minibus-taxi driver & owner	Determined by VOC under national labor legislation and related transport sectoral agreement
Social security	None	Determined by VOC under national labor legislation and related transport sectoral agreement
Driving behavior	Minibus-taxi driver	Specified by municipality in VOC contract, including penalty regime

15.

As this table shows, the only role of the provincial government in the reform programme was regulatory in nature, i.e. to consider operating license applications or amendments.

3.4. Change in approach – MyCiTi Phase 2 and interim N2 Express trunk service: 2013-2019

3.4.1. Shifting focus

In 2013, municipal government elections were looming. With MyCiTi Phase 1 drawing public attention to public transport, and particularly to the absence of the system's reach to high concentrations of poor households in the city's south-eastern quadrant, the Cape Town mayor at the end of 2012 announced that her administration would prioritize rolling out MyCiTi Phase 2 (see Figure 2 for the geographic extent of this phase). The majority of the mayor's support base lived in the Phase 2 area, making this city quadrant especially politically important in the build-up to election time – although this area had always been proposed as the next in line for intervention.

Early in 2013, CCT's project activities rapidly shifted to making good on this political commitment. In addition to this geographic focus, in this second project phase there was a concerted attempt to include the first phase's lessons around operator corporatization and inclusion in the new system, and a focus on the financial sustainability of operations and of the system overall.

In the first project phase CCT underestimated the level of effort involved in (i) consolidating and negotiating with

minibus-taxi operators, while at the same time equipping them to become scheduled bus operators, (ii) concluding the 12-year gross-cost operating contracts, and (iii) constructing extensive new rights-of-way, stations, and supporting fare and information systems. While in the first phase the emphasis was on creating a trunk-and-feeder BRT system, in the second phase CCT changed its approach from 'big bang' implementation towards a more incremental reform approach.

To add momentum to this new approach, in the course of 2013 CCT converted its Transport, Roads and Stormwater Directorate – which until that stage had hosted the MyCiTi planning and implementation unit – into a transport authority named Transport for Cape Town (as provisioned in the NLTTA and then the NLTA). Besides creating a new identity, this shift was intended to assist CCT in devolving the road-based public transport operating licensing function within the municipal borders from the provincial government, and the rail planning and regulatory functions from the NDoT. TCT soon completed a due diligence study to prove its capability on taking on the rail function, which it submitted to the NDoT.¹⁶

16.

Despite NDoT recognizing that it had received this application, it never acted on CCT/TCT's application for rail devolution, nor did it furnish a formal motivation for not approving the devolution. With the failure to have rail authority devolved to it, TCT essentially had the same mandates and structure as the municipal directorate that preceded it. At the time of TCT's formation and in the years since, some political commentators have contended that TCT ended up being little more than a branding exercise.

3.4.2. MyCiTi N2 Express service

As part of the new incremental approach, TCT introduced stepped changes to the reform of road-based public operations as well as to the industry transition aspects of the reform process. To pave the way for the permanent second-phase services that would follow in later years, in July 2014 a three-year interim bus service – known as the MyCiTi N2 Express – was launched. It provided express, scheduled MyCiTi bus connections between Mitchells Plain and Khayelitsha and the main MyCiTi station in the inner city. Mitchells Plain and Khayelitsha are both large townships on the outskirts of the urban area which, as with Atlantis, were the result of apartheid-era forced removals and resettlements. No new rights-of-way were constructed for this service, which comprised stations at the origin and destination points supplemented by stops with shelters prior to the buses reaching the freeway. Once the buses were on the freeway into the inner city, they made use of an existing time-of-day reserved lane for public transport vehicles, though this lane only served the morning peak direction.

Under the interim agreement, the two N2 Express routes serving these areas (see Figure 2) were managed by a joint venture (JV) company between existing operator entities whose routes had been affected by the introduction of these new express services. The joint venture partners were (i) GABS, the scheduled bus operator connecting both areas to the inner city, (ii) one minibus-taxi association serving the Mitchells Plain to central Cape Town route, and (iii) the super-association which was an umbrella body over all the minibus-taxi route associations in Khayelitsha, known as the Congress of Democratic Taxi Associations (CODETA). The JV contracted GABS to operate the fleet of 40 low-floor 12-meter buses, as the minibus-taxi operators and their drivers did not have the

capacity to do so themselves, nor was there scope in the tight timeframe to equip them for such a role.

TCT appointed the industry transition facilitator previously leading the formation of Kidrogen in Phase 1 to guide the N2 Express negotiations. As part of these negotiations in 2013 and 2014, leading to N2 Express service contract, TCT and the JV agreed that a capacity building programme had to form part of the minibus-taxi industry transition process in MyCiTi Phase 2. This programme ran in parallel to the interim contract from 2015 to 2017. The programme was aimed at equipping minibus-taxi owners and their administrative and operations staff within the two Mitchells Plain and Khayelitsha operating bodies with the skills to run and take ownership of the longer-term MyCiTi VOCs that the TCT help them to set up – and in time offer 12-year operating contracts. The addition of a structured training programme in MyCiTi Phase 2 marked an important policy-level shift in Cape Town. Compared to the Phase 1 expectations that minibus-taxi operators would be willing and ready to partner with CCT in a new transport system, in Phase 2 there was an overt awareness of the importance of developing a cohort of local operators who could run more effective public transport businesses irrespective of the type of public transport service they rendered.

It turned out that the new express service proved popular with passengers. Its popularity increased with the decline and then ultimate complete collapse of rail service on the line connecting both these areas to the main train station in the inner city in 2019. TCT used this context to successfully campaign for two annual extensions to the N2 Express contract, until 2019, at which point the express service was terminated (see also the discussion about institutional collapse on page 47).

3.4.3. Piloting 'Transport Operating Companies' (TOCs)

With a view towards defining the model for MyCiTi's longer-term Phase 2 operations, in 2014 CCT produced an internal report entitled 'Making MyCiTi Financially Sustainable'. This report recommended, amongst other financial sustainability measures, that there should be a shift from the Phase 1 full replacement model to a hybrid approach. This approach would combine the conversion of existing bus and minibus-taxi trunk route operations into a bus VOC, with the retention of minibus-taxi services as a significant, if not only, component of the feeder service network (see Figure 5 for the proposed Phase 2 trunk routes). The report, subsequently published as part of the 2015 MyCiTi business plan update (TCT, 2015), concluded that it was essential to investigate ways in which the minibus-taxi industry and MyCiTi could optimally co-exist and complement one another. It also recognized that successful integration between MyCiTi and minibus-taxi services would not be easy to achieve – but if such hybridity could be achieved it would be of significant operational and financial benefit to the municipality, and in fact might be unavoidable due to budgetary constraints to cover MyCiTi Phase 1's indefinite operating subsidy needs. It also was likely to be able to provide a higher level of customer service.

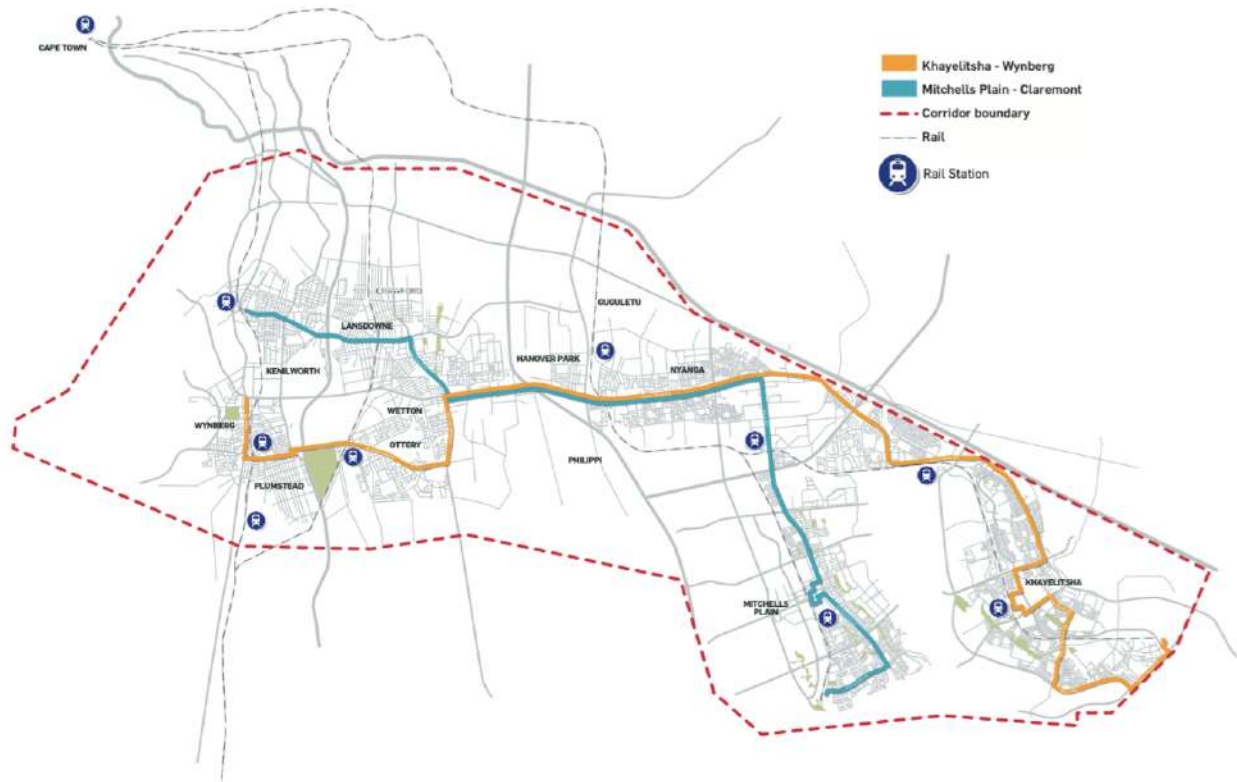
While this new reform approach was being developed, the municipal transport function underwent another metamorphosis. In the course of 2016, TCT was amalgamated with CCT's housing and urban planning department to create TDA, the Transport and Urban Development Authority. Under this new institutional identity, in 2017 TDA embarked on a preparatory study aimed at piloting the transformation of selected minibus-taxi associations to 'Taxi Operating Companies' (TOCs – though 'taxi' changed

to 'transport' in time). Four Mitchells Plain-based minibus-taxi associations were selected to participate in the pilot project, three of which operated feeder services within Mitchells Plain while the fourth was the trunk-route association that was part of the N2 Express JV. These associations, amongst others, were identified based on their readiness to participate in the pilot. The pilot was to include both feeder and trunk-type operations to test the possibility of alignment, and/or integration, with TCT/TDA's revised hybrid reform approach.

The TOC model envisaged the conversion of individual operators within an association to shareholders in a company that worked in the interest of all stakeholders within that association's sphere, including passengers, drivers, support staff, and the TOC shareholders. This model aimed to eliminate competition within associations for passengers on the road. Specifically, the TOC formation process envisaged:

- Moving from a daily, target-driven, individual vehicle operational model within the association to a corporate legal entity that offered acceptable and sustainable levels of return for its shareholders;
- Legally compliant working conditions for labor;
- Enhancing the value offer of minibus-taxi services to public transport users, with due attention to reliability, safety, affordability, service quality, appropriate supporting technologies, investment in human resource development, and scalability;
- Reducing negative connotations attached to the minibus-taxi service offering, measured in terms of fleet right-sizing and quality; reduced congestion, accidents, law infringement, travel and dwell times, and customer complaints;

Figure 5: MyCiti Phase 2 trunk route proposal



- Rationalizing and simplifying minibus-taxi operations. This objective entailed the consolidation of Operating Licenses (OLs) at TOC level, the streamlining of OL application and renewal processes via the TOC and the achievement of TOC based supply and demand regulation;
- Placing the minibus-taxi sector at the centre of urban mobility improvement programs for Cape Town, enabled by the existence of a successful pilot TOC by June 2019, a proven model for the expansion this model in line with CCT's IPTN plan, and the availability of skilled mentors to facilitate the model's roll-out;
- An improved passenger experience.

The consultant team appointed and funded by TDA to set up and monitor the pilot conducted a first operations and revenue survey in November 2017 to establish a baseline to which the pilot results could be compared. In February 2018, the Route 6 Taxi Association (the only line-haul association in the pilot) requested that its participation be suspended for it to focus on its participation in the N2 Express (BRT) interim and Phase 2 long-term contract negotiations.

In the course of 2018, the TOC pilot preparations thus proceeded with three feeder associations, with a further operations and revenue survey undertaken between February and May 2018. By

the time that a detailed pilot operations plan was being prepared (September to December 2018), it had become clear that only one of the three feeder associations, 7th Avenue Taxi Association, was ready enough to be able to implement TOC pilot operations.

The TOC pilot, designed by the appointed consultants in coordination with TDA, went live with this one association on 10 January 2019, with an initial view to run for 12 weeks. Drawing on the surveys and operational redesign, the operational fleet of 78 vehicles owned by the association's 26 members could be reduced to 37 vehicles, with an additional three serving as spare capacity. With the reduced fleet it was still possible to serve existing passenger demand of 17 000 daily weekday trips, by reorganizing the association's existing three routes into five routes and operating all vehicles on a fixed schedule. This led to a 45% reduction in fuel consumption, despite the pilot running on the same commercial basis as before, relying only on fare revenue to fund operations. In so doing, the revenue before and during the pilot stayed the same despite the reductions in operating costs.

Making pilot operations break even in this manner was made possible by excluding vehicle depreciation and replacement from the business model, as making allowance for these business costs would have required external (municipal or other) capital support, which did not form part of the pilot's scope. As a result of this pragmatic approach, the only costs in setting up the pilot were the consultants' fees (covered by TDA) and the time that the participating association's executive structure put into working with the consultants to develop the pilot model. The association's incentive to participate in this pilot, and contribute this time, was driven

in large part by the prospect of a future MyCiTi feeder contract with TDA once the Phase 2 trunk route reached their area.

During the course of the pilot, rather than earning income limited to what their respective vehicle(s) generated, all owners moved to a corporate earnings model in which their income was proportional to their prior stake in total operating revenue. Fare collection was centralized to further support this earning model: after each peak period, drivers brought all the collected cash fares to the association office at the rank, where the association's financial officer deposited it in a drop-safe installed on-site by their bank. The balance immediately showed in the association's bank account, from which it was distributed daily to the association members in proportion to the share of their pre-pilot earnings of the total revenue generated by the association's collective operations. Vehicle operations were also managed centrally rather than by each owner and driver – association staff monitored and reported on all departures and arrivals at the base rank and maintained contact with the drivers in case of delays.

A major achievement was that all operational staff and drivers could be retained in the new operations; new operational tasks, such as fare handling, checking, service monitoring, and more sophisticated dispatching, also meant that operational staff numbers did not need to be reduced. In addition, they now received a prescribed wage, worked only 7,5 hours per day, including scheduled breaks, and had one day off on a seven-day rotational cycle. This was opposed to the former situation, where drivers worked an average of 12 hours per day every day of the week to meet a revenue target set with the vehicle's respective owner.

Table 4: Distribution of responsibilities in MyCiTi phase 2 – Transport Operating Company (TOC) perspective

Analysis element	BEFORE situation	Second reform phase objectives for paratransit sector
[1] Network elements		
Route definition	Minibus-taxi association	Determined in TOC service plan prepared by consultants, based on association/owners' existing routes and/or route amendments endorsed by municipality and awarded by provincial regulatory authority (PRE)
Stop locations	Minibus-taxi driver	Determined in TOC service plan prepared by contracted consultants
Terminal station management	Minibus-taxi association	Pilot: managed by association; long-term: facility management agreement between municipality and TOC(s) based at terminal
Service hours, span of service	Minibus-taxi driver	Shift system determined in TOC operations plan and agreed between association, owners, and drivers and compliant with national labor legislation
[2] Operational elements		
Frequencies / headways	Minibus-taxi association	Determined in TOC service plan
Fare setting	Minibus-taxi association	Determined in TOC operations plan
Ticketing system	Cash/driver-monitored	Pilot: cash pooled, distributed by association to owners; long-term: centralized cashless system linked to and redistributed from TOC bank account, interoperable with municipal system
Vehicle quantities	Minibus-taxi association	Pilot: determined by TOC service plan; long-term: TOC-led re-fleeting with municipal/other external capital support
Vehicle specifications	NDoT	Determined in TOC service/operations plan compliant with NLTA and NDoT specifications
[3] Working conditions		
Salaries	Minibus-taxi driver & owner	Determined in TOC operations plan
Social security	None	Pilot: none; long-term: determined by TOC compliant with national labor legislation
Driving behavior	Minibus-taxi driver	Determined by TOC operations plan and monitored by association (pilot) or TOC (long-term)

The TOC pilot operations continued to run with project support from CCT and the consultant team until June 2019. The involved association at its own initiative decided to extend pilot operations until the end of February 2020 (until the advent of Covid-19 disruptions). Throughout this period, the pilot operations had the characteristics of a professional transport company, and though temporary, the assets of the business including operating licenses and the vehicle fleet

were de facto owned and managed in a recognizably corporate manner. The success of the pilot also played a role in the trunk association (Route 6), early in 2019, requesting to re-join the pilot project. However, due in large part to the institutional collapse that was starting to emerge at this time (see the next section), on 30 June 2019 CCT suspended their support for the pilot and all work on it, before this association could be reincorporated in the process.



4. THE **AFTER** SITUATION

4.1. The status of minibus-taxi reform

MyCiTi Phase 1 bus operations continue to run under the terms of the 12-year VOC contracts concluded with the three operators in 2013. There have been informal reports of shifts in shareholding within the two VOCs formed out of minibus-taxi operators, but since these companies are private concerns, it is not possible to gain insight into the status of and dynamics within these companies. Consequently, the only measure of the success of these companies is the extent to which they have performed in line with their contractual obligations; to date there have been no public reports to raise concerns on this front. Beyond this matter, there is no foundation from which to ascertain how these companies have fared, or indeed whether they will be able to successfully compete on an open market once the 12-year contracts run out and Phase 1 bus operations are put out to open tender. This point will only be reached in 2025-2026, and thus it is too early to draw any conclusions or to comment on whether the intent expressed in the NLTA around contract succession will be able to be applied or will need to be reviewed.

In terms of MyCiTi Phase 2, the termination of the N2 Express services is clearly a concern,¹⁷ particularly considering the dire situation of passenger rail services as demonstrated by the total collapse of Cape Town's central line serving the two areas connected by the express services. As it stands, passengers' only travel options out of these two areas is by minibus-taxi, or by the limited number of existing scheduled commuter bus services – neither of which

can efficiently or effectively perform a long-distance, high-capacity, and high-performance mass transport role. Since these bus services predominantly operate in the peak travel periods, the de facto mass transporter role for this densely populated quadrant of the city has fallen on the minibus-taxi sector. It is important to note, however, that the N2 Express service was intended from the outset to be an interim arrangement, in effect to buy time to develop the hybrid trunk-feeder reform approach and to create the space for minibus-taxi operators to be upskilled to be effective partners in this new approach.

The long-term trajectory of MyCiTi Phase 2 comprises the construction of dedicated rights-of-way for trunk services, the creation of VOCs to operate such trunk services, and the formation of TOCs out of minibus-taxi businesses to operate the feeder/distributor component of this project phase. Construction of Phase 2 trunk infrastructure has progressed since 2018, but there has as yet been no concrete moves towards the formation of VOCs that would operate trunk BRT services on this infrastructure. As discussed in the previous section, in relation to feeder operations, the TOC pilot project was initiated and completed, albeit with a smaller number of minibus-taxi associations than was initially envisaged. Surveys of passengers' experience with the pilot services were conducted prior to and during the pilot period, indicating a positive reception of the new services along all measured indicators, including waiting times, vehicle crew conduct, travel

17.

This report was completed in July 2021. At the time of report publication, April 2023, the N2 Express service has since been reinstated.

comfort, and safety and security. The extension of pilot operations at the involved association's own initiative until the early part of 2020 is further testament to the validity of the policy shift to the hybrid approach.

Despite the positive moves towards implementation and testing of the hybrid approach to reform, there are currently no Phase 2 services running, with the cessation of N2 Express and TOC pilot operations in 2019 and 2020, respectively. There is also no evidence of further work underway towards establishing operating entities (TOCs) to provide services elsewhere in this MyCiTi project phase. The skills built through the operator capacity building programme thus have little prospect of application. A significant factor that bears on this situation is the

institutional state of the municipality. The CCT mayor, the executive director, and political head of TCT/TDA were committed champions of the MyCiTi project, including the pragmatic shift in MyCiTi's second phase industry transition approach. Political machinations in the mayor's party led to her removal in 2018, followed by the resignation of TDA's political head in the same year, and that of the executive director in 2019.

In 2019, CCT separated the TDA into the transport and urban development directorates from which it was originally formed. The transport authority thus is no more. In the course of 2020 and 2021, CCT's transport directorate has furthermore seen the exit of several civil servants who managed various MyCiTi functions.

4.2. Successes and failures

In the first MyCiTi project phase, the big push for BRT led to a rethink of CCT's organizational and regulatory structure. This push also led to the establishment of local expertise on high-quality bus operations as well as in the formation of bus operating enterprises. The pressures of hosting the 2010 FIFA World Cup were an important motivating factor to these changes. With those pressures dissipating over the ensuing decade, the character of the reform programme changed, accompanied by a diminishing public-sector capacity to drive a public transport reform agenda. Overall, while the scope of the reform programme might appear to have decreased in successive reform stages – from forming large, regional bus operating companies to local pilots amongst paratransit feeder operations –

the number of stakeholders needing to be directly involved in the change process has increased.

The signing of the long-term Phase 1 vehicle operating contracts in 2013 was a major achievement for MyCiTi's minibus-taxi transformation process. The process of corporatizing minibus-taxi operator groupings, negotiating 12-year gross-cost contracts, and guiding informal public transport owner/operators to form bus operating enterprises, was significantly more complex than initially anticipated. The industry transition process also had to overcome a long-standing adversarial relationship between government and minibus-taxi owner/operators, which had created distrust of government involvement in what minibus-taxi associations and

Table 5: Distribution of responsibilities after the second reform phase – current situation

Analysis element	BEFORE situation	Second phase objectives	AFTER situation
[1] Network elements			
Route definition	Minibus-taxi association	Transport operating company (TOC)	Minibus-taxi association
Stop locations	Minibus-taxi driver	TOC	Minibus-taxi driver
Terminal station management	Minibus-taxi association	TOC(s)/municipality	Minibus-taxi association
Service hours, span of service	Minibus-taxi driver	TOC	Minibus-taxi driver
[2] Operational elements			
Frequencies	Minibus-taxi association	TOC	Minibus-taxi association
Fare setting	Minibus-taxi association	TOC	Minibus-taxi association
Ticketing system	Cash/driver-monitored	TOC/municipality	Cash/driver-monitored
Vehicle quantities	Minibus-taxi association	TOC	Minibus-taxi association
Vehicle specifications	NDoT	TOC	NDoT
[3] Working conditions			
Salaries	Minibus-taxi driver & owner	TOC	Minibus-taxi driver & owner
Social coverage	None	TOC	None
Driving behavior	Minibus-taxi driver	TOC	Minibus-taxi driver

business saw as their space. Transition processes of this scale and level of ambition were previously untested anywhere in South Africa. Thus, besides taking on the responsibility of planning, constructing, subsidizing, and managing a new public transport service, CCT had to build its institutional capacity to manage the transition and to become acquainted with the minibus-taxi sector in all its complexity. In addition, finding ways to address such a complex challenge would not have been possible without the parallel development of an extensive corps of legal, financial, change

management, engineering, urban planning, and other supporting professionals in the private sector.

CCT policy developed in the years leading to the conclusion of MyCiTi Phase 1 operating contracts was explicit that the new system would not impact adversely on the overall employment situation in the transition to MyCiTi services. Where necessary, people from the minibus-taxi sector were trained for their new duties – whether to work on the buses, in stations, or at depots. It has, however,

proven difficult in practise to create enough sustainable opportunities within the MyCiTi Phase 1 system to accommodate all affected employees. Minibus-taxi drivers' low skill levels made it difficult for them to be retrained as bus drivers or to perform other MyCiTi functions, and several had to be dismissed early in the commencement of Phase 1 operations.

A key lesson emerging from MyCiTi Phase 1 was that it was crucial to motivate minibus-taxi operators to become willing partners in the reform endeavour, while also equipping them to improve their businesses irrespective of the type of vehicle that they might end up operating. This realization was one of the key motivating factors behind the Phase 2 operator capacity building programme. It was primarily a socially – not technically – oriented element of the reform process that guided participants from the minibus-taxi sector in gaining insight into their own businesses.

The learning programme also played a role in broadening participants' understanding of how they could be part of an upgraded public transport system prior to them entering longer-term contractual commitments, or costly infrastructural and modal technology investments on the part of public authorities. The N2 Express service was a temporary measure to demonstrate CCT's commitment to working with the minibus-taxi industry, and to provide an initial glimpse to people from this industry into how they could part of a shift towards scheduled bus operations.

The learning from Phase 1 also served the TOC pilot project. While the pilot was smaller in scope than initially envisaged, its results were encouraging. This is accentuated even further by the fact that the pilot operations, which met all national labor requirements, could still be run on existing fare revenue without government

subsidization; the only capital support needed would be in order to include vehicle replacement and depreciation in the business model. From this pilot work, it is furthermore evident that not all associations would be ready to embark on the path of business improvement and TOC formation.

An association's readiness for reform depends on the quality of its leadership and organization, the relationship between owner/operators and drivers, and the extent to which they are knowledgeable about the financial aspects of their businesses. Notably, it is a common practice that drivers are responsible for vehicle fuelling, as well as covering the cost of minor maintenance and repairs. This results in owner/operators only having limited understanding of their total business costs, making it difficult for them to increase efficiency and prepare proper response to tenders. Nonetheless, it should not be difficult for owner/operators to see the benefit of shared ownership and management as encapsulated in the TOC model.

Unfortunately, the collapse in institutional leadership – and the subsequent substantial decline in technical and managerial capacity within the municipality – is directly reflected in the dwindling momentum and current hiatus in the second phase of the MyCiTi project. The poor performance of South Africa's economy – in the 2010s due in large part to widespread corruption in government, compounded by a poorly coordinated public sector response to the Covid-19 pandemic in 2020 and 2021 – has also substantially eroded South Africa's tax base. For the foreseeable future this will constrain the public purse and could well direct fiscal priorities away from spending on public transport infrastructure and operational improvements.

Table 6: Summary of outcomes and lessons learned in Cape Town

	Positive outcomes	Neutral outcomes	Negative outcomes	Comments
Institutions	Extensive technical expertise in the private sector to plan, implement and evaluate public transport reform	Technical expertise and political leadership in the municipality was built, and then most of it lost		<p>The loss of expertise and political leadership in the municipal government was not a result of the reform project, but of broader local, provincial, and national political processes.</p> <p>The Cape Town reform project was part of a national public transport reform programme targeting all eight large cities and six of the secondary cities in South Africa. Experts worked across many of these cities, building knowledge and sharing it in different physical, political and operating contexts.</p>
Public transport users	<p>Especially on longer routes, a very affordable public transport fare on MyCiTi across trunk and feeder services</p> <p>MyCiTi monthly pass at a heavily discounted rate</p> <p>Universally accessible buses in both MyCiTi trunk and feeder routes</p>	TOC pilot very well-received amongst passengers, but the pilot no longer runs	<p>Minibus-taxis provide more flexibility and less need to transfer</p> <p>MyCiTi serves only about 1/4 of the urban area, and around 5% of public transport trips</p> <p>MyCiTi service frequency is a problem, especially off-peak and over weekends</p> <p>Few fare loading points for the MyCiTi smart-card; also no interoperability with minibus-taxi, conventional bus, or rail services</p>	At this stage it is unclear if MyCiTi Phase 2 will become reality. For now, it is only public transport users who live and work near a MyCiTi Phase 1 trunk or feeder route who benefit from the service.
Owner/ Operators	<p>In VOCs, security of a 12-year contract with very little risk for the operator</p> <p>Handsome compensation packages for operators affected by MyCiTi Phase 1</p> <p>In TOC pilot the same level of income with reduced effort to manage the service for the participating operators</p>	An extensive training programme in the MyCiTi Phase 2, but no prospect of application in practice unless TOC model implemented at scale	<p>Uncertainty of future of 12-year VOC contracts</p> <p>Broken trust within TOC pilot association due to absence of progress with implementing full-scale TOC model</p>	<p>Benefitting from the reform programme depends on which part of the city operators are based in and active on.</p> <p>The declining state of the national economy means that the financial resources of the municipality is likely to suffer in coming years. This is likely to further delay development of the TOC model in partnership with prospective operators unless new sources of finance/funding can be secured.</p>
Private vehicle drivers			<p>There used to be a peak-period MyCiTi travel time advantage compared to private car travel on Phase 1 trunk routes; however, now buses increasingly tend to be full in the early parts of the route; private vehicle users who live mid-way through the trunk route initially shifted to MyCiTi but many have returned to their cars because of the crowding they face.</p> <p>Poor off-peak and weekend service frequency in MyCiTi Phase 1 is not attractive to private car users.</p>	



5. CONCLUSION AND POSSIBLE WAY FORWARD

The 2010 FIFA World Cup proved to be an effective catalyst for public transport and related urban improvements in Cape Town and indeed across South Africa. Without this event it may well have been difficult for MyCiti and the national IPTN policy programme to gain momentum. In the absence of the event and the requirements it imposed on cities and the national government, it is also questionable whether the funding mechanisms would have been put in place to provide the substantial sums necessary for infrastructural and public transport system upgrading and operations support.

International experience with BRT projects, notably in Latin America, and related projections around the timeframes and expected financial commitments to make these projects work, created high expectations nationally and locally in South Africa of what could be achieved by a BRT-led total reform programme. These expectations have by and large not been met. Moreover, Cape Town's lead role in BRT implementation resulted in the city becoming somewhat of a reference case for other African cities, in turn entrenching what may well be overly high expectations and a less than satisfactory

approach. High-specification BRT certainly responds to the quest for public transport improvement, but whether a single-minded pursuit of BRT as embodied in MyCiti Phase 1 should continue in any city or country is a matter that requires careful investigation of local contextual factors.

MyCiti Phase 1 nonetheless has significant demonstration value from which not only the public sector, but also numerous other parties can learn; these lessons would not have been possible had it not been implemented. Also, in the areas where Phase 1 services now run, there has been a substantial increase in the supply of reliable, frequent, and scheduled public transport services. With the collapse of the suburban/commuter passenger rail system, this has proven fortuitous. These improvements and lessons have, however, come at a cost in terms of financial and human resources, and MyCiti's market share is still very small in relation to other public transport modes at the urban scale.

In the longer term, the extent to which the city's travelling population has benefitted from the investment in high-specification BRT and sophisticated management and control technologies must be balanced against the price tag for such a system. To return to the original intent of policy, the intent was to improve public transport. In view of that intent, an overarching consideration is to review what would constitute 'improvement' of the existing system, and whether there are not in fact elements of the existing public transport system that would be beneficial to be incorporated in an as-is state in formulating a public transport reform approach. The TOC / hybrid model is one such approach that is relevant in the Cape Town context; in other contexts, a similar experimental approach with, if not exact replication of, this model is certainly warranted.

In addition to the above considerations, any public authority involved in public transport reform should bear in mind that there are preconditions for success, as demonstrated in the MyCiti Phase 1 work. These considerations include: a sound regulatory system; a compelling offer to operators providing an improvement over their present financial and working conditions; and ability and capacity in the authority for decisive decision-making to drive a long-term reform agenda and to engage effectively with existing owner/operators.

It is also crucial to understand what the differences were between Phase 1 and the first component of Phase 2 as implemented (i.e. the N2 Express service), and what from Phase 1 should not be repeated in subsequent phases. While both these MyCiti project phases initially featured interim contract regimes, in the case of the N2 Express the interim regime was intentionally structured as a three-year preparation process in which all aspects of vehicle operations and long-term contracting would be resolved. This transitional period was also intended to enable the affected operators to understand the full impact of the reform process and gradually to acclimatize to a new operating environment.

Based on the affected operators' attitudes at the time, it would have been likely that much of the content of the interim contracts could have been carried over into longer-term agreements

This again reflects learning from the first phase of MyCiti applied in the second phase and crucial for other cities and countries to consider: on a context-appropriate critical path, the industry transition plan cannot come last after the infrastructure plan and business plan.

BIBLIOGRAPHY

- Business Tech (2020) *South Africa's 10 cities with the worst traffic*. Available at: <https://businesstech.co.za/news/motoring/380069/south-africas-10-cities-with-the-worst-traffic/> (Accessed: 27 February 2023).
- CCT (2007) *Public Transport Implementation Framework – Integrated Public Transport Network*. Cape Town, South Africa: City of Cape Town.
- CCT (2012) *Business Plan: Phase 1A of Cape Town's MyCiTi Integrated Rapid Transit system*. Business plan. Cape Town, South Africa: City of Cape Town.
- CCT (2013) *Comprehensive integrated transport plan 2013-2018*. Transport plan. Cape Town, South Africa: City of Cape Town.
- NDoT (1996) *White Paper on National Transport Policy*. White paper. Pretoria, South Africa: National Department of Transport, South Africa.
- NDoT (1999) *Moving South Africa Action Agenda*. Strategy. Pretoria, South Africa: National Department of Transport, South Africa.
- NDoT (2006) *Minimum Requirements for the Preparation of Integrated Transport Plans*. Pretoria, South Africa: National Department of Transport, South Africa.
- NDoT (2007) *Public Transport Strategy*. Strategy. Pretoria, South Africa: National Department of Transport, South Africa.
- RSA (2000) *National Land Transport Transition Act (NLTTA) of 2000*.
- RSA (2009) *National Land Transport Act (NLTA, Act 5 of 2009)*.
- TCT (2015) *MyCiTi Business Plan Update: Phase 1 and N2 Express*. Cape Town: Transport for Cape Town, City of Cape Town.
- TDA (2018) *Comprehensive Integrated Transport Plan 2018-2023*. Transport plan. Cape Town: Transport and Urban Development Authority, City of Cape Town.
- WCG (1997) *White Paper on Western Cape Provincial Transport Policy*. White paper. Cape Town, South Africa: Western Cape Provincial Government, South Africa.

