

Extension of the Bargaining council agreement for  
the Bus and Coach Industry

# **Impact on Coach Operators** **and SMME's**

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**This presentation has been formed from the view point of a SMME / Medium Coach company.**

**It is not meant to be a legal or too technical document**

**It will point out the impact that the full agreement would have on the SMME and Medium size Coach Company.**



## Commuters / Daily routes

VS

## Charter & Tourism



### Facts:

- Bulk of the industry
- Subsidized by Government
- Fixed Route operations – mainly Monday to Saturday
- Route schedule same time daily
- Fixed monthly income
- Contracts protected and therefore have more stability in the industry

### Facts:

- Small % of the industry
- Non-Subsidized by Government
- Flexi Route operations as per customer requirements – Monday – Sunday with emphasise on weekends and Public holidays
- Trips only on demand, no fixed monthly income
- Vulnerable to E.g. Value Rand, Stability in SA, Diesel prices etc.

# **What are the challenges for us – SMME's and Medium sized Coach Companies:**

**(as per reference to the clauses in the agreement on 05 April 2012 and “revised” on 16 August 2013)**

- 1. Clause 3. Across the Board Increase**
- 2. Clause 4. (Minimum hourly rate) Minimum Basic Wage**
- 3. Clause 5. Job Titles, Grades & Annexure A of 05 April 2012**
- 4. Clause 6. Ordinary Hours of work**
- 5. Clause 7. Scheduling of Work**
- 6. Clause 14. Professional Driving Permit/Licence**
- 7. Clause 15. Legal Assistance**
- 8. Clause 19. Leave for Terminally ill Employees**
- 9. Clause 20. Maternity Leave**
- 10. Clause 21. Family Responsibility Leave**
- 11. Clause 22. Study Leave**
- 12. Clause 23. Retirement Fund Contribution Rate**
- 13. Clause 24. Bonus**
- 14. Clause 27. Contract Employees**
- 15. Clause 29. Trade Union National Retirement Funds**
- 16. The fact we can't be part of negotiations - all just “forced” / binding on us**



# **Scope of work:**

**The following Clauses are impacted by our type of Operations :**

- 1. Clause 5. Job Titles, Grades & Annexure A of 05 April 2012**
- 2. Clause 6. Ordinary Hours of work**
- 3. Clause 7. Scheduling of Work**
- 4. Clause 19. Leave for Terminally ill Employees**
- 5. Clause 20. Maternity Leave**
- 6. Clause 24. Bonus**
- 7. Clause 27. Contract Employees**



**In the following slides we shall have a look at the impact on different levels of business, in particular: Finance and Operations.**

**It will look like some of the slides have been duplicated but bear with me as to see how and where SMME and Coach Companies struggle to comply.**



# **Money & Limited Staff – to budget:**

**The following Clauses are being impacted by budget constrains and limited staff in Smaller Coach Companies:**

- 1. Clause 3. Across the Board Increase**
- 2. Clause 4. (Minimum hourly rate) Minimum Basic Wage**
- 3. Clause 5. Job Titles, Grades & Annexure A of 05 April 2012**
- 4. Clause 14. Professional Driving Permit/Licence**
- 5. Clause 15. Legal Assistance**
- 6. Clause 19. Leave for Terminally ill Employees**
- 7. Clause 20. Maternity Leave**
- 8. Clause 21. Family Responsibility Leave**
- 9. Clause 22. Study Leave**
- 10. Clause 23. Retirement Fund Contribution Rate**
- 11. Clause 24. Bonus**
- 12. Clause 27. Contract Employees**
- 13. Clause 29. Trade Union National Retirement Funds**
- 14. The fact we can't be part of negotiations - all just "forced" / binding on us**

# Money & Limited Staff – to budget: (1)

As per the first slide I remind you of the two major roll player facts at Charter & Tourism :

## Facts:

- Small % of the industry
- **Non-Subsidized by Government**
- Flexi Route operations as per customer requirements – Monday – Sunday with emphasise on weekends and Public holidays
- **Trips only on demand, no fixed monthly income**
- Vulnerable to E.g. Value Rand, Stability in SA, Diesel prices etc.



# Money & Limited Staff – to budget: (2)

Keep these two facts in mind as we go through the next few slides :

**Facts:**

- **Non-Subsidized by Government**
- **Trips only on demand, no fixed monthly income**

1. **Clause 3. Across the Board Increases as determined by the Bargaining council – Not always affordable.**

**As much as we want to pay the best salaries and give maximum increases it is not always viable to pay what the bigger companies can afford. By forcing us to pay higher Increases this would result in employees losing their work because the company has only got an X amount to pay out per month!**



# Money & Limited Staff – to budget: (3)

## 2. Clause 4. (Minimum hourly rate) Minimum Basic Wage

Clause 4 relates to Clause 3. By forcing companies to comply to minimum wage, has in the past and will definitely in future have a negative impact on the amount of employees in a smaller Company.

Again, if a company can afford e.g. R100 000.00 per month for salaries but needs to pay R120 000.00 per month would the company just cut their labour force?

Just an interesting fact:

According to the existing SARPBAC agreement :

Minimum hourly rate for Cleaners : R22.15

According to the Hospitality sector:

Minimum hourly rate for Cleaners - 10 or less employees : R12.39

Minimum hourly rate for Cleaners - > than 10 employees : R13.81

**A difference of R8.34 to R9.76 per hour!!!**

# Money & Limited Staff – to budget: (4)

## 3. Clause 5. Job Titles, Grades & Annexure A of 05 April 2012

Close your eyes for a moment and imagine yourself in the following situation...

You are the owner of a Small Coach Company. You have only 5 coaches. Your office staff consists of the following personnel: Mary, Thabo, Faith and yourself. The depot staff consists of Martin and an assistant and a cleaner Frans, when needed you help out. Then you have 3 coach drivers. For the one or two days in a week when all 5 of your coaches have a trip, you contract in Freelance drivers.

You now receive the SARPBAC Job Title list and you are very confused. There are 45 Jobs titles listed. You in your company only have 5 office and depot personnel. With the 3 coach drivers and yourself you must cover the 45 Jobs titles listed to run your business. Which job descriptions must you allocate to which personal? What must I pay them? (You can now all open your eyes.)

I am leaving you with this scenario to answer for yourself:

Mary – She answers the phone, from time to time she makes tea and coffee for visitors. But when Thabo is sick she faxes clients their quotes. When Faith is on leave she needs to help with the wages. When our customers have outstanding payments we ask her to call them. But her job under normal circumstances is to answer the phone and make tea and coffee for visitors? What is her Job description and what must I pay her?

**This is the world of a small business!! The heart of South Africa's economy!**



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# Money & Limited Staff – to budget: (5)

**The following Clauses we can group together:**

- 4. Clause 14. Professional Driving Permit/Licence**
- 5. Clause 15. Legal Assistance**
- 6. Clause 19. Leave for Terminally ill Employees**
- 7. Clause 20. Maternity Leave**
- 8. Clause 21. Family Responsibility Leave**
- 9. Clause 22. Study Leave**

While you still try to figure out what to call Mary's Job and what you must pay her lets take the same Small Coach Company and try to comply with the above.

Mary gets impregnated. According to the agreement you need to pay her 6 months of Maternity leave. As it stands you barely make ends meet. The Rand is weak and the diesel price is high. Companies do not book as usual, all in South Africa save! You already work in the office and depot and if you short a driver you drive a coach on the odd days.

Mary's position now also needs to be temporally filled for the 6 months BUT YOU CAN'T AFFORD 2 salaries for 1 position! Your remaining office staff can't cope for 6 months alone!!

# Money & Limited Staff – to budget: (6)

The following Clauses we can group together:

4. Clause 14. Professional Driving Permit/Licence
5. Clause 15. Legal Assistance
6. Clause 19. Leave for Terminally ill Employees
7. Clause 20. Maternity Leave
8. Clause 21. Family Responsibility Leave
9. Clause 22. Study Leave

All extra costs to a Coach Company with no Guaranteed Fixed monthly income is not viable. Take the time and add all the leave an employee is entitled to. You would be surprised to know that if he /she was to take all the leave they are basically only working 9 out of 12 months!!

**Just an interesting fact:**

**According to the existing SARPBAC agreement :**

**Family Responsibility leave : 5 days Compassionate leave + 3 days sick child/birth for fathers. Total of 8 Days per year**

**According to the Basic Conditions of Employment Act:**

**Family Responsibility leave : Total of 3 Days per year**

**A difference of 5 Days for the year = one working week a year extra!!!**

# Money & Limited Staff – to budget: (7)

**The following Clauses we can group together:**

**10. Clause 23. Retirement Fund Contribution Rate**

**13. Clause 29. Trade Union National Retirement Funds**

Most Smaller Companies in the past have found it very difficult to be part of an affordable pension or provident fund. As for our company the charges to administer it were too high and we as a company took the decision to rather pay out our employees the money, they can then make the decision to invest in their own policy's and annuities. Having done this has also made it an easier process for us when it comes to resignation because we can continue to pay them without any uninterrupted payments towards their policy. It has thus also resulted in our basic salaries being higher than that of the norm. The impact to now contribute again and with an extra 10% on top of what we already contribute is not viable. Our older employee's also complain that they have invested in policies and are now being forced to belong to an extra fund where they need to contribute an extra 7.5%, which in tough times they won't be able to afford.

**Just an interesting fact:**

**If we need to comply: Add 9.5% increase + 10% Retirement Fund**

**Total increase of 19.5% .**

**Which company can afford this type of increase?**



# Money & Limited Staff – to budget: (8)

## 11. Clause 24. Bonus

As we all know :

The **main goal** of Coach companies is to Transport Passengers!! This is a very demanding service driven exercise. To ensure that your company always delivers the best service, most of the coach companies have introduced incentives and monthly bonuses.

To now force us to change our systems to pay out a bonus only once a year on the 01 December would not only influence our drivers behaviour but also have an impact on the drivers salary per month. (As per Status Quo )

Most Small coach companies also can't afford to pay that extra Bonus on 01 December. The impact to have a full month of Basic salaries paid twice is just not possible!!



# Money & Limited Staff – to budget(9)

## 12. Clause 27. Contract Employees

If we can get back to our example. Most Coach Companies make use of Free lance drivers or Contract Drivers who help out from time to time on busy Rugby or Concert days where all the coaches are on the road.

A lot of people do have a EC licence and need the extra income when they off at their permanent jobs(E.g./ over weekends)

As for the Freelance or Contract drivers who need the extra income, it does help a lot for Coach companies who have a shortage of coach drivers. This type of agreement also helps the Coach Company to budget every month.



# Money & Limited Staff – to budget: (10)

**The following Clauses are being impacted by budget constrains and limited staff in smaller companies:**

**14. The fact that we can't be part of negotiations - all just "forced" / binding on us**

To be part of the negotiations a company needs to form part of the Employers Organisations.

There are currently 2 South African Employers Organisations namely:

1. COBEA
2. SABEA

**To form part of an Employers Organisation a company needs to offer a commuter type of service.**

**As a Charter company whose not allowed to be part of or have a representative at negotiations, I ask you, Is this our Constitutional Right? Is it fair to force this upon us?**



**Coach Driver : Costing as per SARPBAC agreement 2013 - Jun 2014**

		195h/pm	9hrp/d 5 days
<b>Description</b>	<b>p/h</b>	<b>p/m</b>	<b>p/y</b>
Driver cost per hour			
Basic	R 33.99	R 6,628.05	
Overtime 1.3	R 44.19	R 8,616.47	R 103,397.58
Food more 7 hours an 20 min	R 6.00	R 1,170.00	R 14,040.00
After hr. allowance 20h00-03h00	R 5.35	R 561.75	R 6,741.00
Sarpbac levy monthly		R 12.10	R 145.20
UIF 1%		R 86.16	R 1,033.98
SDL 1%		R 86.16	R 1,033.98
Bonus 1 month - 01 Dec			R 6,628.05
Retirement fund 10% basic		R 861.65	R 10,339.76
Leave 3 weeks			R 4,588.65
Sick leave 12 days			R 3,670.92
Compassion leave 3 day child			R 917.73
Compassion leave 5 days death			R 1,529.55
Uniforms			R 500.00
Extra office			R 2,000.00
PDP-Dr & fee; Passport			R 1,500.00
Training			R 10,000.00
			R 168,066.39
Compensation 2.19%			R 3,680.65
<b>Total cost to company year</b>			<b>R 171,747.04</b>
Total cost per month			R 14,312.25
<b>Total cost per hour</b>			<b>R 73.40</b>
<b>Difference between Rate per hour and Cost to Company p/h</b>			<b>R 39.41</b>
<b>Extra cost to the company due to the SARPBAC agreement</b>			<b>R 40,923.56</b>



## Coach Driver : Costing as per SARPBAC agreement 2013 - Jun 2014

<b>Extra Costs - if needed</b>			
Legal assistance loan interest free	R 6,500.00	p/incident	
Subsistence & Travel allowance	R 415.00	p/day	
Subsistence & Travel allowance CB	R 460.00	p/day	
Food more 7 hours and 20 min CB	R 6.95	p/hour	
Study leave	R 3,059.10	10	days per year
Terminally ill	???		

**Just an interesting fact:**

**According to the existing SARPBAC agreement :**

**Rate for a Bus driver : R26.07 per hour**

**Rate for a Coach driver : R33.99 per hour**

**A difference of R7.92 per hour with all extra's due to Charter type services!**

# Scope of work: (1)

**The following Clauses are being impacted by our type of Operations :**

- 1. Clause 5. Job Titles, Grades & Annexure A of 05 April 2012**
- 2. Clause 6. Ordinary Hours of work**
- 3. Clause 7. Scheduling of Work**
- 4. Clause 19. Leave for Terminally ill Employees**
- 5. Clause 20. Maternity Leave**
- 6. Clause 24. Bonus**
- 7. Clause 27. Contract Employees**

# Scope of work: (2)

The following two Clauses impact Coach Operations the most and hinder us to comply – not now and never in the future:

2. Clause 6. Ordinary Hours of work

3. Clause 7. Scheduling of Work

As per the first slide I want to highlight one point that changes the Scope of work and the way we need to operate to satisfy our clients:

## Facts:

- Small % of the industry
- Non-Subsidized by Government
- **Flexi Route operations as per customer requirements – Monday – Sunday with emphasise on weekends and Public holidays**
- Trips only on demand, no fixed monthly income
- Vulnerable to E.g. Value Rand, Stability in SA, Diesel prices etc.



# Scope of work: (3)

## 2. Clause 6. Ordinary Hours of work

The **huge difference in working and driving hours** between Commuter type of services, that the bargaining agreement is based on, and Charter and Tourism services, plays a fundamental roll as to why we won't ever be able to comply

The following points, point out the difference:

1. Working days – Monday to Sunday and especially Public Holidays.
2. Working hours can be any time in a 24 hour period.
3. Hours depend on client request and can exceed 45 hours especially when on tour. A Weekly day off and a Rest period proves to be a challenge while on longer tours.
4. No fixed working hours. Trips are determine by clients request.
5. For Charter type of services the “07h00 to 16h00 scenario” is most of the time applicable. The group needs to go for a meeting. They want to be picked up at 07h00. The venue's most of the time +/- 30 min drive. The driver needs to wait at venue (due to high diesel costs) and then only returns at 16h00. Driving hours is the minimum but hours away from home is long! Even a Spread over of 14 hours can be a challenge due to traffic where coaches need to go out earlier and come back later.
6. Meal and Rest intervals is a challenge. Driver's do stop for the group every 2-3 hours but can't stop on fixed time during the day. **Flexibility** is the key word.



# Scope of work: (3)

## 3. Clause 7. Scheduling of Work

As per clause 7.3 that reads: Employers may amend **schedules provided that 7 days notice is given** to implementation of such new schedules.

This clause (as the whole agreement), is only Based on commuter type services. **Charter and Tourism service operations can't comply to it.**

Lets take the following scenario into consideration. It is 21h00. You get a phone call. Company X's coach has broken down and the breakdown services can't get the part to fix it for the next day on tour. Can you help out? Yes you can! As you do have a coach available. You phone a driver and arrange that they be at the depot early to drive down and meet the group to finish the tour. Where is the 7 day notice? Unfortunately a coach does not tell you 7 day's in advance that he is going to break. Charter type of services is normally on short notice and most of these type of services is only booked 48 hours in advance. Therefore scheduling of coaches and drivers can only be done in Coach companies 12 -24 hours before trips. And, in some cases like ours "help out breakdown" a few hours before the time.



# Scope of work: (4)

**The following Clauses are being impacted by our type of Operations and can be grouped together:**

- 1. Clause 5. Job Titles, Grades & Annexure A of 05 April 2012**
- 4. Clause 19. Leave for Terminally ill Employees**
- 5. Clause 20. Maternity Leave**

The same principle as explained in the budget slide will apply here as well. In small Coach companies to define the Job Titles where our Scope of work differs from Commuter type of services is very difficult. One person needs to be more versatile due to the size of the company. Due to budget constraints in a small company there is already less employees, as previously explained the employees need to be more versatile to get the job done.

For example I am going to refer to the process of getting out quotes. This is a chain process between 2 employees, and by having 2 people do this the quotes are dealt with quicker and our services are effective, now if one out of the two people dealing with the quotes falls terminally ill or needs maternity leave this process is now going to be slowed down and our services are going to be classified as ineffective for the period of time that they are away.



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# Scope of work: (5)

**The following Clause could be a demotivated aspect in our type of Operations :**

## **6. Clause 24. Bonus**

Most Coach Companies use Incentive systems vs. Bonuses, when dealing with drivers to get the best service to customers. The Incentive system (or some might call it Bonus system) is to encourage the best services. Due to the fact that Charter and Tourism type of services are service driven and not fixed contracts is applicable and forms an important part of service delivery.

By forcing Coach Operators to pay a compulsory Bonus on the 01 Dec of each year, you compromise on service delivery because every body get the same!

Bonuses as per the agreement becomes not an achievement any more but only a straight demand.



# Scope of work: (6)

**The following Clauses are being impacted by our type of Operations :**

## **7. Clause 27. Contract Employees**

In the Charter and Tourism industry there is a higher demand for services on days where there are events such Rugby, soccer, concerts etc...

It is only on days like these that we need extra coach drivers, which is where freelance / contract drivers come into play.

As you know, in tough times a little bit of extra income can prove to be very rewarding and with the contract drivers having flexible hours over weekends and public holidays they are more willing to work on a contract basis instead of a permanent basis as they already have permanent employment else where

**This is how it then becomes a win-win situation for all**



# Recommended solutions & The way forward

Charter & Tourism

VS

SARPBAC agreement



The Coach companies get to set up an employers organisation and then apply to be a member of the bargaining council. This would allow us to also protect our sector and give input when negotiations take place.

Due to the difference in Scope of work, recommend us that the Bargaining council create/set up a new chapter within the council that would cater for the Coach industry.

# Thank you

For more details on the Employers organization for Coach Operators:  
Contact Eric Cornelius at Saboa office or send an email to  
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