

SPEAKING NOTES FOR: Mrs. Nora Fakude-Nkuna, ADDRESSING THE 2012 SOUTHERN AFRICAN BUS OPERATORS ASSOCIATION (SABOA) NATIONAL CONFERENCE ON FACTORS HAMPERING THE EMPOWERMENT OF SMME'S IN THE BUS INDUSTRY

The Honorable Minister of Transport Mr. Sbu Ndebele,
Officials from the Department of Transport and all other government agencies in our midst,
The Executive Members of SABOA
Ladies and Gentlemen

It gives me great pleasure to be afforded such an opportunity of addressing this auspicious gathering that is largely dominated by obaba (men), considering that not long ago, no woman would stand in such a gathering and address men. I must really give thanks to the maturing democracy in our country and the leadership of this country for continuously advocating for women's rights in all sectors of our communities.

Allow me to congratulate the oldest organisation in our country that just recently celebrated its hundred years of existence. My I add that it should not loose its character as it derives its existence from the moral authority of representing the aspirations of ordinary people who aspire to live in a non racial, non sexist democratic South Africa.

I have been asked to speak about factors that hamper the empowerment of SMME'S in the Bus Industry. If I had my choice, I would speak on factors that hamper the empowerment of women specifically in the Bus Industry, or any industry for that matter. Chairperson, I do not to sound like a feminist, so I will stick to the topic as instructed to do so.

There is no doubt that the state of public transport in our country still needs a lot of attention, considering that the majority of South Africans given a chance, would opt to drive their own cars than to use public transport. Although there has been an improvement in the past decade, there is not just room but lots of room for improvement. Our country needs to reach a stage where an ordinary South African prefers to use public transport due to its convenience than his or her private transport.

Programme director: my presentation on this matter looks at specific areas that I consider important and need our attention both as operators and government if we are to run profitable businesses and accommodate new players.

Customer Behaviour

Although in many developed nations commuters have a choice in the mode of public transport they want to use, it is not the same case with many developing Nations such as our country. The large numbers of our people still depend on buses and taxis for public transport and their choice between using a taxi or a bus is dependent on affordability and reliability. For many of our people, using public transport is not a choice, as they cannot afford private transport. That on its own presents itself with huge opportunities for new entrants in the transport industry, especially the bus transport industry as it is the most affordable for a single mom who is a domestic worker and must to look after five children.

Despite such opportunities it is difficult for an ordinary South African to enter the Bus Industry as it is capital intensive and requires reliability although many people would like to make us believe that it is easy to enter in to the industry. We have seen what “easy” can do to the unsuspecting commuter who will not reach his or her destination because the vehicle that they used was not road worthy or the driver was not trained.

The other challenge is that the SMME will have to modify the bus to accommodate people with disabilities as this requires not only finance for the modification but also specialised knowledge to assist this segment of our population which is continuously marginalized by the public transport system.

It is equally important that as we look at the challenges faced by the new entrant in the sector, we put at the center of our conversation the interest of the commuter, those able and those not able, they are the backbone of the survival of our industry.

Our approach to doing business in South Africa should also have an element of a human face, where our motives are not driven only by profits but also by service. Our commitment in the transport industry should also look at how we position ourselves to support government efforts of making services accessible to all our people and transport should therefore be considered as a basic service since most of our people have no access to private transport. Failure to do that will become a barrier as government will seek drastic ways of seeking to compete with us by establishing transport agencies that will run transport services, as it is the case with most of our

metropolitans in the country. We should not allow government to run businesses. Government must govern and business must run busses and pay tax to improve social infrastructure. We all know what happens when government tries to run a business.

Policy and Regulations

The Bus Industry is as important for social inclusion as it is for reducing congestion on our already stressed roads and pollution.

Key to the success of this sector is the state intervention on how it regulates and provides support to SMME'S.

The population is growing and the operational area is expanding. Operators tend to run more kilometres than originally approved. It takes a long time to approve the new expanding operational areas and operators must carry the expense which renders the operation unprofitable.

Factors Hampering the Empowerment of SMME's

The way I see it, is that there is an expectation from SMME's for big bus operators to empower them.

This can only be achieved through sub contracting to start with. The problem is that most of the big operators are operating on short term contracts, even up to a month to month contract. It becomes very difficult

for a bus operator to say to a SMME to go and buy a bus, but I am giving you a month to month contract. There is no way they can access funding.

Funding institutions are not lenient with SMME's even if they have long term contracts, let alone short term contracts.

The subsidy amounts are reducing while the demand from passengers is growing. Hence it becomes difficult to render the service as per the expectations of passengers as well as assisting SMME's.

There are expectations from people outside the operations wanting to take the opportunity of being empowered in an area where they do not reside or operate. It is my belief that should long term contracts be awarded to large operators and funding put in place by government, preference should be given to local operators in order to avoid conflict. Government should also give directive on how their expectations of empowerment must apply - the funding thereof and the regulation of their relationship between a sub-contractor and an operator. Should there be a problem, who should carry the penalties? This would give comfort to an operator to consider sub-contracting to a SMME.

Profitability and operations