

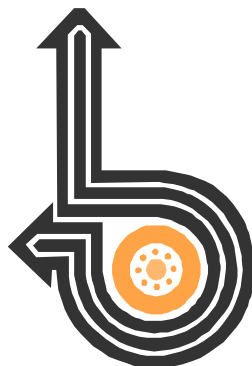
**SOUTHERN AFRICAN
BUS OPERATORS ASSOCIATION**

2010 / 2011

**ANNUAL REPORT
OF THE COUNCIL**

Presented By

Prof J Walters



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Southern African Bus Operators Association

VISION

SABOA is the credible voice of an inclusive, efficient, sustainable and transforming bus industry, which plays a pivotal role in an integrated transport system through safe, reliable and affordable bus services that add value and is attractive to our stakeholders.

VISION SUPPORTING VALUES:

- The industry is committed to provide a safe and efficient bus transport service, which meets or exceeds stakeholders' expectations. Efficiency of the transport system will be actively promoted.
- SABOA is committed to national priorities such as social responsibility, road safety and HIV/AIDS prevention.
- SABOA strongly supports transformation of the bus industry.
- SABOA strives to contribute positively to making the ownership profile of bus operators more representative of the wider South African society.
- SABOA supports the constructive introduction of more bus operators from previously disadvantaged communities into the main stream of the formal bus industry in South Africa.
- SABOA recognises that SMME bus operators form an integral part of bus transport services.
- SABOA advocates cooperation and sharing of expertise and solutions among members.
- All strategic efforts are directed towards building a viable and sustainable bus industry.
- As a cornerstone of the vision, SABOA is committed to a professional conduct towards all stakeholders
- SABOA is committed to marketing and the promotion of the Association and the industry
- SABOA actively supports modal integration.
- SABOA is committed to provide specialist support to its members
- SABOA is committed to represent all bus operators.
- SABOA strives to contribute positively towards the social upliftment of its members and its employees.

ANNUAL REPORT: 2010/2011

1. INTRODUCTION

Before highlighting the main activities of the Association over the past financial year, I would like to express the industry's appreciation to the Deputy Minister of Transport, Mr Jeremy Cronin, for his involvement in the activities of the Association in 2010 and 2011. I also wish to thank the Director-General of the Department of Transport, Mr Mahlalela, and the officials of the Department of Transport, especially, Messrs Jan- David de Villiers and Charles Manamela, for their efforts in addressing issues of concern to the bus industry. In this regard mention can be made of the initiatives to address the DORA concerns at provincial level, the Heads of Agreement (HOA) issues etc.

The Association and its members devoted many hours on issues such as the HOA and providing input on the National Land Transport Regulations, the Regulations for the 2010 FIFA World Cup and the Consumer Protection Act.

The Association would also like to express its appreciation to all provincial MEC's for Transport and the officials in their departments for their cooperation in addressing the industry's concerns at provincial level. We also wish to thank the officials in the provincial departments of transport for their cooperation in converting the ticked-based interim contracts to kilometer-based interim contracts.

On behalf of SABOA and its Members we wish to thank the President and Vice-President of the Association, Messrs Sidwell Nche and Adolph Komane as well as the Chairpersons of the SABOA Provincial Branches for their dedication in representing SABOA at various forums. A special word of appreciation is also addressed to the Council and Executive Committee of SABOA who are always willing to participate in committees, meetings and workshops, and for their guidance and leadership over the past year.

We wish to thank the Associate Members of the Association for their loyal support over many years. Their support stretches much wider than providing sponsorships for events such as the SABOA conference or social weekend. They also provide a great deal of expertise to the Association through their participation in the SABOA Council, Technical Committee and Workshops.

In terms of the SABOA constitution, Provincial Committee Members, Council Members and Executive Committee Members are elected for a two-year term. Elections were held in 2011 to elect new committees and an announcement will be made later in the programme as to who the office-bearers of the Association are for the next two-year term.

During the 2010 / 2011 financial year SABOA continued to represent the industry on several important matters related to the bus industry. Numerous meetings and discussions took place with persons and bodies involved in the industry.

This Report highlights some the more important activities dealt with by the Association and reports on the progress made in this regard.

2. MANAGEMENT OF THE ASSOCIATION

The following Members were elected to Council and the Executive Committee for the term 2009-2011:

2.1 Council Members

2.1.1 Elected Members

- **Category A (1-30 buses)**

Messrs	R S Nche G C Maluka M D Sambo J Vanqa F Manuel J Mayekiso T Lebitsa N Kaloo N P Mvazana H K Mangwane	City Road Trans Service (President) GC Maluka & Associates Davidamac Transports Service Vaal Maseru Bus Service Manuel's Bus Lines Mayekiso Bus Service Lehlakile Bus Company Ameer Kaloo Bus Service Big Jack Express Madodi Bus Company Gauteng Women in Transport
Ms	I Mncwango	

- **Category B (30+ buses)**

Messrs	A R Komane M H Heyns N S Cronjé T Murugan L Bokaba L R Mbinda A Sefale S G Mitchell M Niemandt N J Ragimane D Matthee	NTI (Vice-President) Putco Golden Arrow Bus Service South Coast Bus Service Buscor Mayebuyee Transport Corporation Ipelegeng Interstate Bus Lines Bojanala Bus Company Kopano Bus Service Mega Bus
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- **Associate Members**

Mr	R Karshagen	MAN Bus & Coach
Ms	K Bell	Standard Bank

2.1.2 **Appointed Members**

Mr	C Heimes	South African Bus Employers Association
Ms	S Le Roux	COASA

2.2 **Executive Committee Members**

Mr	R S Nche	City Road Transport Service(President)
	A R Komane	NTI (V-President)
	G C Maluka	GC Maluka & Associates
	M H Heyns	Putco
	N S Cronjé	Golden Arrow Bus Service
	T Murugan	South Coast Bus Service
	N Kaloo	Ameer Kaloo Bus Service
Ms	I Mncwango	GWIT

2.3 **Council/EXCO/General Meetings**

The following meetings were held in 2010/2011:

25 March 2010	:	EXCO
13 May 2010	:	EXCO/Council/Annual General Meeting
17 May 2010	:	Special Exco Meeting
29 July 2010	:	EXCO
16 September 2010	:	EXCO/Council
18 November 2010	:	EXCO
14 January 2011	:	EXCO/Council

3. **SPECIFIC ISSUES DEALT WITH DURING 2010/2011**

3.1 **POLICY ISSUES**

3.1.1 **Competitive tendering/Negotiated contracts/ Heads of Agreement**

As outlined in previous Annual Reports of the Council, a moratorium on competitive tendering was introduced by the Department of Transport in 2001 mainly due to, inter alia, the following labour concerns:

- Reduction in wages and conditions of employment in the tender system
- Job security
- Black economic empowerment
- Model tender and negotiated contract documents
- Second and subsequent round of tenders
- Insourcing versus outsourcing
- Applicability of the Heads of Agreement to negotiated contracts

Good progress was made especially, in 2007 to resolve the problem areas mentioned above. The following are examples of consensus which have been reached between government, unions and SABOA:

- Publishing of the existing operator's average wage levels in the tender documents
- Increasing the percentage of required staff to be taken over by the new operator from 75% to 85%
- Providing for Black economic empowerment in the tender documents
- Reviewing of the tender documents

There are, however, still a number of issues which remain unresolved. These include insourcing versus outsourcing, whether there should be firm arrangements for the second and subsequent round of tenders and the applicability of the Heads of Agreement to negotiated contracts

These issues are of crucial importance for the tender and negotiated contract system. This has become more evident over the last year as questions were raised regarding the validity of the agreement when read against section 197 of the Labour Relations Act (LRA). During the course of 2009 the Department of Transport appointed a new Working Group to review the issues related to the HOA and to seek clarity on the way forward.

As part of the Working Group's activities it was decided to obtain a legal opinion about aspects of the HOA, but especially the implications of section 197 of the LRA. Questions put to senior counsel on the HOA covered the following areas:

- * In terms of section 197 does the 85% job guarantee in the HOA trigger section 197 of the LRA?
- * What the consequences would be of making the HOA applicable to the second and subsequent round of tenders?
- * Whether a tender can specify that a contractor cannot outsource core activities but can outsource non-core activities?
- * The constitutionality of the Right of First Refusal

- * The implications of the HOA in the context of integrated public transport systems

In its opinion, senior counsel confirmed that:

- * Section 197 of the LRA was applicable to the agreement and that the HOA was not in line with this section. Section 197 was designed to protect jobs and the way the tendering system was designed and conceptualized would mean that the “going concern” business principle was applicable. The HOA diminishes workers’ rights and is therefore out of line with the intention of section 197. Parties could contract out of 197 in terms of section 197 (6) but would probably be difficult to sell to labour.
- * Section 197 was applicable to the second and subsequent rounds of the tendering system
- * A contract can be specific about insourcing and outsourcing but the subcontractor should source its labour requirements for the outsourced activity from the existing workforce
- * Parties to the contracting system (existing and new operator) remain jointly and severally responsible for any retrenchments for 12 months following the new contract.

After consideration of the legal opinion by the Working Group, a second clarifying legal opinion was sought of the same counsel which confirmed the original views. It was also confirmed that section 197 was applicable to negotiated contracts as well as to the first and subsequent rounds of tendering, inclusive of subcontracting and outsourcing arrangements. Section 197 therefore has major implications for the future of the contracting system and is now not only restricted to the HOA and the first round of tenders as was originally thought.

In a meeting held between SABOA and the Department of Transport in February 2010 it was agreed to submit these legal opinions to a another senior counsel identified by the State Attorney to ensure that the opinions are correct before policy adjustments are made.

The third legal opinion from advocate Khoza confirmed the status of the previous legal opinions.

SABOA obtained an independent legal opinion from a senior counsel and in terms of this opinion section 197 of the LRA is not applicable to the Heads of Agreement. At a meeting between the Department of Transport, Labour and SABOA it was agreed that the different opinions be made available to the Department of Labour for guidance on the matter. The Department of Transport met with the Department of

Labour to discuss the matter and reported back that the Department of Labour supports the Department of Transport's legal opinions that section 197 of the LRA is applicable to the tender system.

It was further reported by the Department of Transport that the Department of Labour was going to amend section 197 of the LRA to clarify its applicability to the tender system.

In spite of the proposed amendment to section 197 of the LRA, SABOA stands by its Senior Counsel opinion that section 197 of the LRA is not applicable to the tender system for reasons of constitutionality, legality practicality and the fact that it was never intended to be applicable to a tender system. It was designed to protect jobs when a going concern was sold to another party.

The Executive Committee therefore resolved to wait until the parliamentary process to amend section 197 of the LRA has been completed before further dealing with this matter. It is expected that this process will be finalized by September 2011.

3.1.2 **National Land Transport Act: second set of draft regulations**

The second set of draft Regulations was published in the government gazette on 04 February 2011 and interested parties were invited to submit their comments within 30 days from the date of publication. SABOA submitted extensive comments on the draft Regulations for consideration by the Department.

One of the proposals in SABOA's comments on the draft regulations is to meet with the Department of Transport to discuss the process for the conversion of permits to operating licenses for the bus industry. A meeting was held with the Department of Transport on 11 April 2011 during which the complexity of the permit system in the bus industry was explained to the Department of Transport. The Department of Transport acknowledged the complexity of the permit system in the bus industry and resolved to establish a Working Group with SABOA to address these complexities at provincial level. The Department also expressed the view that it would like to finalise the conversion process for the bus industry in the next twelve months.

3.2 **PUBLIC TRANSPORT**

3.2.1 **National Policy on Scholar Transport**

For the past twenty years SABOA has lobbied government to develop a national policy for scholar transport. In 2007 the National Department of Transport decided to develop a national scholar transport policy. Two workshops were held with stakeholders on 07 June 2007 and 22 November 2007 to obtain input for the development of a policy document. SABOA participated in these workshops and provided them with valuable information for the development of a policy document.

In 2008 much time was spent by the National Department of Transport to discuss the policy document with the Department of Education at national and provincial level as the policy provides for the responsibility for scholar transport to be transferred from the Department of Education to the Department of Transport. The intention was to finalise and implement the policy in 2009 but the general election in 2009 delayed this process. Although the Department of Transport indicated that the policy would be finalized and implemented in 2010, it did not materialize. The policy document has been completed but there are still some internal governmental discussions taking place about the transferring of the responsibility for scholar transport from Departments of Education to Departments of Transport. Once this consultation process has been finalized the policy document has to be submitted to the Portfolio Committee and eventually Cabinet for approval. It is expected that the matter will be finalized in the current financial year.

3.2.1.1 **Scholar Transport in Gauteng**

As far as scholar transport in Gauteng is concerned, the Gauteng Department of Education (GDE) increased the rate of remuneration for service providers from 35 cents per learner per kilometre to 60 cents per learner per kilometre with effect from 01 April 2008. The rate was further increased to 70 cents per learner per kilometre later in the year to compensate service providers for the steep increases in the price of diesel fuel.

In view of the fact that the last increase in the remuneration rate for scholar transport operators was in 2008, SABOA submitted a request for an increase in the remuneration rate to R1,00 per learner per kilometer to the GDE on 01 April 2010.

In spite of many follow-up letters there has to date been no formal response from the Department of Education. A request for a meeting has been submitted to the MEC for Education to discuss this matter as well as the following issues:

- Late payments of up to three months to service providers
- Contracts with service providers which have lapsed and have not been renewed

3.2.1.2 **Scholar Transport in Mpumalanga**

SABOA also met with the Head of the Department of Education in Mpumalanga on a number of occasions to address the following issues in scholar transport:

- (a) Late payment of monthly claims to service providers
- (b) Lack of proper contracts with service providers
- (c) The inadequate rate of remuneration being paid to service providers
- (d) A revised remuneration system to improve efficiency
- (e) Implementation of a tender system

Except for increasing the rate of remuneration from 20 cents to 35 cents per learner per kilometre in 2008 the other issues are still outstanding. The main reason for the delay in addressing these issues is the forensic audit which has been ongoing for three years to investigate allegations of irregularities in the scholar transport system.

In 2009 the responsibility for scholar transport was transferred to the Mpumalanga Department of Transport. A new forensic audit was lodged by the Department of Transport to verify the number of scholars to be transported, route distances, schools affected etc. The verification process was completed and in September 2010 a tender which covered four regions in Mpumalanga was issued. Later on, tenders for two of the regions had to be re-advertised due to internal problems with tender documents.

The Department of Transport has started awarding the contracts to service providers but it became evident that

they were awarding contracts to service providers in respect of routes they did not apply for. The Department of Transport has been asked for an explanation and a reply is being awaited.

3.2.1.3 **Scholar transport in Limpopo**

SABOA met with the Limpopo Department of Education in November 2009 to discuss the service level agreement to be signed by scholar transport operators. The service level agreement was very one-sided in favour of the Department of Education and omitted important provisions such as the rate of remuneration payable to operators, clauses to deal with disputes, the provision for escalation etc.

After a follow-up meeting with the Department of Education a revised service level agreement was forwarded to SABOA for comments. I am pleased to report that SABOA's proposals have all been accommodated in the revised service level agreement.

3.2.2 **Commuter Transport**

In the 2009 / 10 Annual Report I reported extensively on the shortfall in bus subsidies for the 2009 / 2010 financial year and the steps that SABOA had to take to resolve this matter. I also reported on the introduction of the Division of Revenue Act in terms of which all ticket-based interim contracts were converted to kilometer-based interim contracts.

Although the revised system which was finalized by the end of November 2009, ensures financial predictability and control of the subsidy bill for government in contrast to the unpredictable ticket-based subsidy system, it also raises a number of serious challenges for government and operators. Issues such as inadequate funding for public transport, the involvement of the taxi industry and small bus operators in the subsidy system, dealing with additional demands for subsidized services from communities etc, will have to be addressed in the 2011/12 financial year.

3.2.3 **Tourist Transport**

Through the efforts of SABOA and the South Africa Tourism Services Association (SATSA) a new dispensation for tourist transport services has been provided for in the National Land Transport Act and Regulations. An operational and technical

accreditation system will ensure that the operator of a tourist transport service is held responsible for operating a safe service through the regular monitoring of the operator's vehicles for roadworthiness by the National Public Transport Regulator (NPTR). The focus will therefore no longer be on the monitoring of a vehicle once a year by means of an annual roadworthy test.

SABOA and SATSA have been interacting with the Department of Transport on the establishment of the NPTR to ensure that there is a full understanding of the requirements and skills required for the proper functioning of this office. The NPTR will not only deal with tourist transport but will also assist and advise Provincial and Municipal Regulatory Entities on operating license matters. It is therefore essential that the NPTR is staffed with well-trained and knowledgeable persons.

SABOA and SATSA remained in contact with the Department of Transport during 2010 to achieve the abovementioned goals. The Department of Transport recently appointed a consultant to assist with this process and the indication is that the office of the NPTR could be in operation by early 2012.

3.3 **SABOA COMMITTEES**

3.3.1 **TECHNICAL COMMITTEE**

3.3.1.1 **Technical Committee meetings**

During the past financial year the SABOA Technical Committee, under the Chairmanship of Roger Overton, held meetings as follows:

04 March 2010	:	ZF
20 May 2010	:	Goodyear
09 September 2010	:	Mercedes-Benz
04 November 2010	:	Voith
24 March 2011	:	ZF

3.3.1.2 **Vehicle Technical Committee**

Committee members attended the Department of Transport's Vehicle Technical Committee (VTC) meetings and discussed, inter alia, the following issues:

- Quality of fuel
- Emergency exits
- Prices of parts

- HB 5 Engine failure
- Wheel rims
- SABS Wheel chair dimension
- Axle mass loads on buses and coaches
- BRT
- 27- Metro bus trains

3.3.1.3 **SABOA Technical Committee Issues**

Over and above having discussed the issues under item 3.3.1.2 above, the following issues were also discussed at the SABOA Technical Committee meetings:

- Quality of fuel
- Overloading of bus axles
- Proof of maintenance
- Bus emergency exits
- BRT vehicle specifications
- Waste- tyre regulations
- SABS Wheelchair dimensions
- Passenger weight per seat

3.3.2 **OPERATIONS SUBCOMMITTEE**

3.3.2.1 **Operations Sub-committee Meetings**

In the 2009/10 financial year the SABOA Operations Sub-committee, under the Chairmanship of Francois Meyer, held meetings as follows:

10 March 2010	:	SABOA Offices, Randburg
12 May 2010	:	SABOA Offices, Randburg
21 July 2010	:	SABOA Offices, Randburg
15 September 2010	:	SABOA Offices, Randburg
09 March 2011	:	SABOA Offices, Randburg

3.3.2.2 **Issues Addressed by the Operations Committee**

The following are some of the main issues which were addressed by the Operations Committee:

- Demerit points system
- Heads of Agreement
- Consumer Protection Act
- Bus priority system

- Development of performance-based model negotiated contract document

3.3.3 **COASA Subcommittee**

3.3.3.1 **COASA Subcommittee Meetings**

During the past financial year the COASA Subcommittee, under the Chairmanship of Sonja Le Roux, held meetings as follows:

- 23 March 2010 : Scania
- 26 May 2010 : SABOA Offices, Randburg
- 28 July 2010 : SABOA Offices, Randburg
- 22 September 2010 : SABOA Offices, Randburg
- 17 November 2010 : SABOA Offices, Randburg
- 16 March 2011 : SABOA Offices, Randburg

3.3.3.2 **Issues addressed by COASA:**

The following are some of the main issues which were addressed by COASA:

- Impounding of coaches at border posts
- Driving hours
- Southern African Music Rights Organisation (SAMRO) / South African Music Performance Rights Association (SAMPRA)
- National Land Transport Regulations
- Definitions in the coach industry
- Workshop on coach driver issues

3.4. **TRAINING**

3.4.1 **SABOA SKILLS PROGRAMMES FOR SMME'S**

During the past financial year the following training programmes were presented:

3.4.1.1 **SMME Skills Programme in Tourism**

3.4.1.2 **New Venture Creation Programme**

We wish to express our sincere appreciation to the Transport Education and Training Authority (TETA) for making funds available for such a worthy cause and to the Service Provider, LearnCorp, for the training they conduct on behalf of SABOA.

Contracts for the training of SMME's on have been awarded to SABOA by TETA. These training programmes will be introduced in due course.

3.4.2 **Road Passenger Transport Management Programme**

In a joint venture between the University of Johannesburg and SABOA, 330 learners were trained on this programme during 2010. On behalf of SABOA we wish to express our appreciation to the University of Johannesburg for their support in this regard.

3.5. **TRANSPORT ARRANGEMENTS FOR 2010**

In hindsight, the provision of transport for the 2010 FIFA World Cup was reasonably successful mainly due the fact that fewer international spectators came to South Africa than originally anticipated. The word-wide recession had a major impact on the number of tourists who came to South Africa for the Word Cup.

SABOA initiated regular meetings with the Department of Transport to discuss the transport arrangements for the World Cup and made numerous proposals to the Department of Transport regarding issues such as managing the project, driver training, deployment of vehicles and drivers after the World Cup etc.

One aspect that was very disappointing was the limited involvement of SMME bus operators in the event. This matter was raised with the Department of Transport and local governments on a number of occasions but it was evident that preference had been given to the taxi industry to ensure that SMME operators were involved in the World Cup. Hosting the FIFA World Cup in Africa was a great honor for South Africa and it was an ideal opportunity to have involved all sectors of the transport industry.

3.6 **GAUTENG FREEWAY IMPROVEMENT SCHEME**

The upgrading of the freeways in the Greater Johannesburg and Tshwane areas is welcomed by the organized bus industry as it will go a long way in relieving congestion and lowering costs of doing business. SABOA is however not in agreement that the country can continue building new freeways or upgrade existing ones over the long term without also improving the provision of public transport as an alternative to the private car.

Following discussions with SANRAL about the impact of the tolling of the Gauteng freeways in the metropolitan areas in and around Johannesburg and Tshwane, SABOA undertook a survey among its members that make use of the freeway system in the provision of public transport to determine the impact of the tolling of the freeway system on bus and coach operators. The results of the survey together with a motivated request that the bus and coach industry be exempted from the toll fees were submitted to SANRAL.

SANRAL's view was that the industry would benefit from safer roads, less congestion, higher average travel speeds, lower maintenance and fuel costs etc., and had to make some contribution to the cost of improving the freeways.

After the announcement of the toll fees, SABOA submitted further submissions to SANRAL, the Minister of Transport and the Department of Transport. SABOA also expressed its concern about the lack of transparency and public consultation by SANRAL in determining the toll fees. Although SANRAL invited interested parties to comment on the tolling of the Gauteng freeways, no information was made available as to how they arrived at the actual toll fees.

Due to a public outcry about the severity of the toll fees, the Minister of Transport suspended the announced toll fees and appointed a Task Team to investigate the matter. SABOA and various other organizations made presentations to the Task Team on the impact of the toll fees as well as proposals for alternative cost recovery methods. The matter is still under consideration by the Minister and an announcement is expected in the near future.

3.7 **CONSUMER PROTECTION ACT**

The Consumer Protection Act (CPA), Act no 68 of 2008, was published in government gazette no 32186 of 29 April 2009. Certain sections of the Act came into operation on 24 October 2010 whilst the remainder of the Act became effective on 01 April 2011. The aims of the Act are as follows:

- * To promote a fair accessible and sustainable marketplace for consumer products and services and for that purpose to establish national norms and standards relating to consumer protection
- * To provide for improved standards of consumer information
- * To prohibit certain unfair marketing and business practices
- * To promote responsible consumer behavior
- * To promote a consistent legislative and enforcement framework relating to consumer transactions and agreements
- * To establish the National Consumer Commissions

A number of sections in the Act could pose challenges to the industry. The following are the most important sections:

- * Section 23- Disclosure of prices
- * Section 26- Sales records
- * Section 63- Prepaid certificates, credits and vouchers

In terms of section 5 (3) of the Act, only a regulatory authority may apply to the Minister for an industry-wide exemption from one or more provisions of the CPA on the grounds that those provisions overlap or duplicate a regulatory scheme administered by that regulatory authority in terms of any other national legislation or any treaty, international law, convention or protocol. Section 5 (4) provides that the Minister may grant such an exemption after receiving advice from the National Consumer Commission, only to the extent that the relevant regulatory scheme ensures the achievement of the purposes of the CPA as well as the provisions of the CPA and then such exemption will be subject to any limits or conditions necessary to ensure the achievement of the purposes of the CPA.

SABOA engaged the Department of Transport on these matters and submitted a written request in August 2010 that the Department should apply for exemption on behalf of the industry. The Department had meetings with the Department of Trade and Industry to discuss the industry's issues but unfortunately the Department of Trade and Industry's view is compliance to the provisions of the CPA rather than exemption.

In view of the above, SABOA obtained a legal opinion in terms of which it seems that the most onerous sections such as section 23 and section 63 are not applicable to bus operators. Copies of SABOA's submission to the Department of Transport and the legal opinion were circulated to all SABOA members. An appeal was also made to members to comply with the CPA on 01 April 2011.

3.8 AARTO: DEMERIT POINTS SYSTEM

Road safety is non-negotiable and the Demerit Points System (DPS) will go a long way in cultivating a culture of traffic law abiding citizens in South Africa.

SABOA is however concerned about the operator dimension of the DPS. There has been no consultation regarding this dimension of the system with the industry. In the initial stage when the DPS was developed it was only in respect of offences and did not include the operator dimension. SABOA raised this matter with the Road Traffic Management Corporation (RTMC) during the consultation process in 2007 but never received an adequate response from them.

Some years ago the RTMC promised to share Tshwane and Johannesburg pilot results with the industry with a view of informing decisions regarding the operator dimension. This never materialized.

No workshops have been held with the industry to discuss the system and its implications on drivers and operators alike before the details of the operator dimension of the system were made known.

SABOA had a meeting with the RTMC in November 2010 but did not make much progress. The following are some of the outcomes of the meeting:

- * The RTMC was not prepared to discuss the impact of the DPS on drivers
- * It was prepared to review the access fee of R60
- * It also indicated that it would share information on how many buses were involved in infringements, the type of infringements, how many drivers lost their licenses etc., based on the pilot project
- * An amendment to the AARTO Regulations was expected in December 2010 but was only published on 15 April 2011 for comments.

SABOA will now request that a workshop be held with the industry to fully discuss the DPS and the implications on drivers and operators.

3.9 **BUS RAPID TRANSIT SYSTEMS**

SABOA has stated repeatedly that it is in favour of Bus Rapid Transit (BRT) systems as part of the urban transport solution in South Africa. These systems are being developed in many of the metropolitan areas in the country. It is also SABOA's view that BRT systems are the appropriate technology for most urban areas although the systems will need financial support due to low population density and relatively high operating costs. This should however not deter us from embarking on this form of urban transport improvement as the benefits of such systems will in the long run exceed the costs of operation and financial support. The general public is in real need of quality public transport that would give them a choice between using their own cars and public transport.

The Metropolitan Council of Johannesburg (COJ) has made the most progress with the implementation of its BRT system. Phase 1A was recently handed over to the taxi industry and Phase 1B which is intended for bus and taxi operators is currently under discussion.

SABOA is however concerned about the view of COJ that SMME bus operators do not form part of the process as they are not regarded as “affected operators”.

SABOA has through stern negotiations managed to keep SMME members part of the process up to now, but there is still no finality as to whether or not they will be part of Phase 1B. SABOA will however continue its efforts to ensure that they are part of the system.

3.10 **CROSS-BORDER ISSUES**

Bilateral agreements which regulate cross-border transport exist between South Africa and Zimbabwe, Zambia, Mozambique, Malawi, Botswana and Swaziland and a number of committees have been established by the Cross-Border Road Transport Agency to:

- * monitor carriers on the routes
- * promote efficient law enforcement on the routes
- * exchange information pertaining to the routes
- * determine passenger transport needs
- * execute such other functions as may be determined by the committees

SABOA is represented on these committees.

Some of the cross-border issues SABOA dealt with in 2010 are as follows:

- * Since the lifting of the moratorium on issuing of permits to Lesotho the Cross-Border Road Transport Agency is busy dealing with the more than 2 000 applications for permits to Lesotho. SABOA requested the Agency to speed up the process as many operators are operating on temporary permits which are very costly.
- * The Agency published an excessive increase in permit fees (especially for freight and bus operators) in the government gazette in September 2010. SABOA objected to this increase but in spite of our objection (and by the Road Freight Association) the Agency implemented the new permit fees. The matter has now be raised with the Minister of Transport and we are awaiting a reply.
- * The impounding of coaches at border posts (especially Beit Bridge) when illegal goods are found in the vehicles. Huge fines are charged before vehicles are released. Over and above the fine that has to be paid by the operator the vehicle is out of service for a long period of

time. SABOA has made good progress in its discussions with SARS and Immigration to resolve the matter.

3.11 **WAGE NEGOTIATIONS**

In 2010 agreement was reached in the Bargaining Council on minimum levels for wages and benefits through a mediation process and we wish to thank the SABEA team for its efforts in settling this matter.

3.12 **STRATEGIC PLANNING WORKSHOP**

In order to position the industry and the Association a strategic planning workshop is held in January of each year.

At the 2010 strategic planning workshop which was held on 14 and 15 January 2010 the following focus areas were identified:

1. Focus Area 1: Influencing Policy
2. Focus Area 2: Empowerment of SMME's
3. Focus Area 3: Promoting and Protecting the Bus Industry through SABOA
4. Focus Area 4: Skills Development

In 2011, the strategic planning workshop was held on 13 and 14 January 2011 during which the following focus areas were identified:

1. Empowerment of SMME's
2. Influencing Policy
3. Promoting and Protecting the Bus Industry through SABOA
4. Skills Development

Action plans for the above focus areas were developed and progress will be monitored at Exco meetings.

3.13 **VEHICLE RENTAL SCHEME FOR SMME'S**

In line with the resolutions taken at the strategic planning workshops to facilitate the empowerment of SABOA SMME's, SABOA embarked on an initiative with the Industrial Development Corporation (IDC) to assist members in acquiring loans for vehicles. A Subcommittee was established by Council in January 2009 to enter into discussions with the IDC regarding this initiative.

All vehicle manufacturers that are members of SABOA were invited to support this initiative. MAN Truck and Bus has committed its participation in the Scheme and (especially through the dedication of Dr Elmarie Smith of MAN Financial Services) I am pleased to announce that the Scheme is up and running. Full details of the requirements and conditions as well as how to apply have been made available to members.

3.14 **CONFERENCE AND PRE-CONFERENCE DINNER**

A one-day conference which consisted of a plenary session and parallel sessions was held on 24 February 2011 at the CSIR conference centre in Pretoria.

The conference was attended by 380 delegates whilst 48 exhibition stands were displayed in the inside exhibition area. A variety of buses and coaches were also displayed inside and in front of the venue.

SABOA would like to express a special word of appreciation to its Associate members for their loyal support of the conference over many years.

A pre-conference dinner was held on 23 February 2011 at the CSIR conference centre and was attended by 320 people.

3.15 **AXLE MASSLOADS IN RESPECT OF BUSES AND COACHES**

This issue has been under discussion with the Department of Transport for the past ten years.

Over time we have also submitted a range of proposals to address this matter in a pragmatic way. A solution has not yet been found and the relevant DOT officials seem reluctant to address this matter. It is imperative that this matter be resolved as soon as possible.

A meeting between SABOA, SATSA and the Deputy Minister of Transport was held in September 2010 during which it was resolved that the Department of Transport should investigate the issue as a matter of urgency and report back to the Deputy Minister of Transport within a month. Information received indicates that the Department only recently submitted its report to the Deputy Minister of Transport. A response from the Deputy Minister is being awaited.

3.16 **NATIONAL SUMMIT FOR SMALL BUS OPERATORS**

On 23 and 24 November 2009 the Department of Transport arranged a national summit for small bus operators to discuss the concerns which these operators have. SABOA was invited to attend the summit. The following main resolutions were taken at the summit:

- 3.16.1 To establish a national database of small bus operators
- 3.16.2 To establish a National Coordinating Committee
- 3.16.3 Convene Provincial Consultative Meetings/Conferences
- 3.16.4 Convene a National Conference
- 3.16.5 Government to look into the Operating License concerns of operators
- 3.16.6 Create a working relationship with taxi structures, government and business
- 3.16.7 Develop a policy framework for small bus operators

SABOA is represented on the National Coordinating Committee and at the first meeting of this Committee which was held on 23 April 2010 the following resolutions were taken:

- The national database must be established by 31 May 2010
- The current members of the National Coordinating Committee were confirmed as the members of the Committee
- Establish a small Task Team to deal with taxi intimidation
- Compile a framework for the Committee
- Arrange a national conference for October 2010

To date there has been no further meetings of the National Coordinating Committee nor has there been any feedback regarding the abovementioned resolutions.

3.17 **REGISTER FOR SMME MEMBERS**

At a Council meeting of SABOA held on 16 September 2010 it was resolved to create a register for SMME members of SABOA to have a database of these members who meet certain criteria which will prove their readiness to participate in business opportunities when such opportunities arise. The criteria to be met are as follows:

- * Proof of company registration
- * Profile of business and operations
- * Certified copies of vehicle registration certificate (s)
- * CV's of the owner(s) /directors of the company
- * Certified copies of ID's of the owner(s)/directors of the company
- * Valid tax clearance certificate
- * Proof of vehicle and passenger liability insurance
- * Certified copies of valid roadworthy certificates
- * Letter from bank to prove member's creditworthiness
- * Letter from operator confirming that turnover is less than R5 million per annum

- * Proof of SABOA membership

SABOA would like to encourage its SMME members to make use of this opportunity to form part of the register.

3.18 **COMMENTS ON POLICY/LEGISLATION/SABS REPORTS**

- Various SABS Reports
- Amendments to the Road Traffic Regulations, 1996.
- National Land Transport Act: Second set of draft regulations
- National Land Transport Regulations
- National Land Transport Regulations for 2010
- Mpumalanga Department of Transport's Road Safety Plan
- Limpopo Department of Education's Service Level Agreement for Scholar Transport Operators
- SANRAL'S Tollgate Strategy
- Consumer Protection Act

3.19 **CONTACT WITH INTERNATIONAL AND LOCAL ORGANISATIONS**

SABOA met with a number of overseas delegations who visited South Africa during 2010. This included delegations consisting of government officials and the private sector who were investigating business prospects in South Africa, especially with regard to the manufacturing of buses and coaches.

3.20 **MEETINGS WITH MEC'S, GOVERNMENT OFFICIALS AND UNIONS**

During the year under review SABOA had contact with MEC's, government officials and Unions as set out below:

- Various MEC's for Transport
- National Department of Transport

- Various Provincial Departments of Transport
- South African Bureau of Standards
- Unions.
- Gauteng Department of Education
- Mpumalanga Department of Education
- Road Traffic Management Corporation
- Limpopo Department of Education

3.21 **EXTERNAL COMMITTEES**

SABOA was involved in a number of external committees of which the following are a few:

- Heads of Agreement Working Group
- Heads of Agreement Steering Committee
 - SABS Safety Task Team
 - SABS Technical Committee
 - Nedlac Transport Task Team
 - NDOT Committee on Accessible Transport
- Various committees on the 2010 FIFA World Cup
 - City of Johannesburg's BRT External Committee
 - Ekurhuleni Transport Committee
 - NDOT Committee on DORA

3.22 **SABOA SERVICES/BENEFITS**

Advice was given to a number of SABOA Members in 2010 on matters such as:

- Calculation of tariffs
 - Implementation of fares
 - National Road Traffic Act and Regulations
 - Contracting
 - Road Transportation Act/Provincial legislation/NLTTA/NLTA
 - General transport-related matters
- Advise to new entrants who wanted to enter the industry

3.23 **SECRETARIAL SERVICES**

SABOA provided secretarial services to the South African Bus Employers Association.

3.24 **NEW MEMBERS**

During the 2010/11 financial year, SABOA approved 96 applications for Principal membership and 4 applications for Associate membership. Unfortunately, SABOA also had to terminate the membership of 88 members due to non-payment of membership fees. The current membership profile of SABOA is as follows:

- | | | |
|-------------------------------|---|-----|
| • Principal members | : | 919 |
| • Associate/Affiliate members | : | 59 |

4. **SABOA MAGAZINE/NEWSLETTER**

The Association's official magazine, SABOA BUS, was published quarterly. From reports it is evident that this publication is well received. On behalf of SABOA we wish to thank Titan Publications for a job well done. SABOA also circulated its newsletter, FAXTALK, on a regular basis.

5. **REPORT FROM THE AUDITOR TO THE MEMBERS OF SABOA**

The audited financial statement for the 2010/11 financial year was approved by Council earlier today and is available for inspection at the offices of SABOA.

6. **PERSONNEL**

An organisation's biggest asset is its personnel. SABOA is extremely fortunate in this regards and I would like to thank each and every staff member for their continued support and loyalty throughout the year. Without their dedication and perseverance, SABOA would not be able to function the way it does.

I Thank You

J Walters

26 May 2011

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