

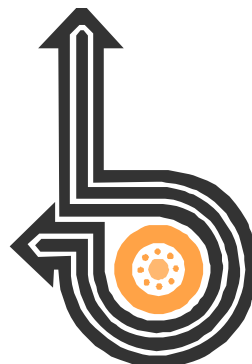
**SOUTHERN AFRICAN
BUS OPERATORS ASSOCIATION**

2011/2012

**ANNUAL REPORT
OF THE COUNCIL**

Presented By

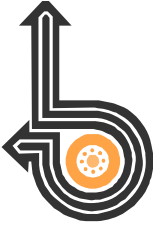
Prof J Walters



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**Southern African
Bus Operators Association
SABOA**

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: 2011/2012

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 2011. I also want to thank the Acting Deputy Director-General of the Department of Transport, Mr Mathabatha Mokonyama, and the officials of the Department of Transport, especially Mr Lesiba Manamela and Ms Tebogo Pelele, for their initiatives and efforts in addressing issues of concern to the bus industry. In this regard mention can be made of the efforts to address the Heads of Agreement issue, the Consumer Protection Act matter and the tender and negotiated contract documents etc.

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 willingness to attend to the concerns that operators experienced at their provinces.

On behalf of SABOA and its Members we wish to thank the President and Vice-President of the Association, Messrs Andrew Sefala and Sidwell Nche 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 Technical Committee social weekend. They also provide a great deal of expertise to the Association through their participation in the SABOA Council, Technical Committee and Workshops.

I am also proud to announce that SABOA is in its fifth term of being governed in terms of its democratically transformed constitution where SMME members have equal voting rights in the Association and equal representation in the management structures of SABOA, i.e, its Council and Executive Committee. Council members revealed a great deal of maturity in co-operating with one another earlier in year when they addressed a very sensitive matter in the Association which had arisen at the Association's strategic planning workshops in January 2012. Empowerment of SMME members is recognized as a very important matter by all members and the Empowerment Committee that has been established to address this matter will need

the support of all members in order to find mutually acceptable solutions for the challenges that lie ahead in 2012 and beyond.

In terms of the SABOA constitution, Provincial Committee Members, Council Members and Executive Committee Members are elected for a two-year term. Although the term of office of these members expires in May 2013, the constitution provides for the rotation of the President and Vice- President after a year to ensure that the office-bearers who represent different categories of members (established operators and SMME operators) have an equal opportunity of being President of the Association. Mr Nche will therefore take over as President and Mr Sefala will be the Vice-President until the next elections in 2013.

During the 2011/2012 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 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 2011-2013:

2.1 Council Members

2.1.1 Elected Members

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

Messrs	R S Nche	City Road Trans Service (Vice-President)
	M D Sambo	Davidamac Transports Service
	J Vanqa	Vaal Maseru Bus Service
	J Mayekiso	Mayekiso Bus Service
	A Van Wyk	Madodi Bus Company
	S Maharaj	Maphumulo Mail Service (Pty) Ltd
	N Dollie	Overland Tours
	S Moshane	Bahlakoane Bus Service
	A Booysen	Outdoor Classroom
	V Naidu	Kenfield Tours
Ms	I Mncwango	Gauteng Women in Transport

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

Messrs	A Sefala	Ipelegeng (President)
	A R Komane	NTI
	M H Heyns	Putco
	N S Cronjé	Golden Arrow Bus Service
	T Murugan	South Coast Bus Service
	L Bokaba	Buscor
	L R Mbinda	Mayebuye Transport Corporation
	S G Mitchell	Interstate Bus Lines
	E Matenche	Brakpan Bus Company
	PL Namola	Vaal Maseru
	FF Vinkhumbo	Great North Transport

- **Associate Members**

Mr	R Karshagen	MAN Truck & Bus
Ms	K Bell	Standard Bank Vehicle Asset & Finance

2.1.2 **Appointed Members**

Mr	C Heimes	South African Bus Employers Association
Mr	C Drysdale	Springbok Atlas

2.2 **Executive Committee Members**

Messrs	A Sefala	Ipelegeng (President)
	R S Nche	City Road Transport Service(Vice-Pres.)
	A R Komane	NTI
	J Vanqa	Vaal Maseru Bus Company
	M H Heyns	Putco
	N S Cronjé	Golden Arrow Bus Service
	S Maharaj	Maphumulo Mail Service (Pty) Ltd
Ms	I Mncwango	GWIT

2.3 **Council/EXCO/General Meetings**

The following meetings were held in 2011/2012:

14 January 2011	:	Special EXCO
14 January 2011	:	EXCO/Council
31 March 2011	:	EXCO
26 May 2011	:	EXCO/ Council
28 July 2011	:	EXCO

29 September 2011	:	EXCO/Council
17 November 2011	:	EXCO
27 January 2012	:	EXCO/Council

3. SPECIFIC ISSUES DEALT WITH DURING 2011/2012

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 to address a number of labour concerns.

Many meetings were held between the relevant parties i.e. government, organized labour and SABOA to find acceptable solutions to the labour problems. Although good progress had been made in addressing the labour issues, some questions were raised in 2009 regarding the validity of the Heads of Agreement when read against section 197 of the Labour Relations Act (LRA). Various legal opinions were obtained by government which confirmed their view that section 197 was applicable to the Heads of Agreement. 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.

SABOA obtained an independent legal opinion from a senior counsel and according to this opinion section 197 of the LRA is not applicable to the Heads of Agreement. The Department of Transport’s legal opinions together with the SABOA legal opinion were submitted to the Department of Labour for guidance on the matter. The Department of Labour confirmed its support for the Department of Transport’s legal opinions that section 197 of the LRA is applicable to the Heads of Agreement.

The Department of Labour also announced that section 197 of the LRA would be amended to clarify its applicability to the tender system.

To date, the amendments to the LRA, including to section 197, have not been finalized and it is expected that it will only become operational in the course of 2012. In the meantime, the Department of Transport, at a meeting in March 2012 tabled a Constitutional Court Judgment which indicates that both tangible and intangible assets could be considered when considering whether a business was being transferred as a “going concern”.

SABOA informed the Department of Transport that in its view all interim contracts should be negotiated with the existing interim contract holders and that in the second and subsequent rounds of tendering, the labour compliment to be transferred to the

new operator, including the conditions of employment should be specified in the tendering documents. A reply from the Department of Transport is being awaited.

3.1.2 Review of contracting documents

SABOA together with other stakeholders such as SANTACO and Organized Labour are members of a Department of Transport Task Team to develop a new contracting framework for public transport. The following four new contract documents have been developed:

- Model Net-Based Negotiated Contract Document
- Model Gross-Based Negotiated Contract Document
- Model Net-Based Tendered Contract Document
- Model Gross-Based Tendered Contract Document

SABOA held a number of workshops in 2011 and 2012 to discuss these contract documents where after extensive comments were submitted to the Department of Transport.

One of the problems that SABOA encountered was that the Task Team did not meet on a regular basis to discuss these contract documents and that substantial changes had been made to the documents after SABOA had submitted its comments. These changes were in respect of critical areas and without any consultation with stakeholders.

It is a major problem when the Department of Transport does not use its own structures to discuss fundamental changes to its documents that are of material interest to an industry. Some of the changes that were made by the Department of Transport without discussion with stakeholders are the following:

- The removal of the conditions of sub-contracting from all the documents.
- There is no clarity on how SMME's will be empowered.
- A clause that the DORA allocation overrides the entire escalation formula in the contracts.
- Inclusion of clauses to the effect that the Contracting Authority may purchase the bus depots from operators.

After numerous requests from SABOA the Department of Transport decided to arrange a meeting of the Task Team to discuss the documents and the comments from the stakeholders. At the meeting it was revealed that it was only SABOA that had submitted comments on these contract documents. The Task Team which included representatives of the Provinces considered SABOA's comments and proposals and I am pleased to announce that most of SABOA's comments and proposals were accepted.

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 finalize 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.

Since this date, there has been no progress and it is not certain what the reason for the delay is. The impression we have after raising this matter with the Department of Education is that there are still discussions between the two departments to find the best financial model for the funding of scholar transport and to ensure that there is uniformity between the provinces in dealing with scholar transport.

In view of the number of bus accidents involving scholars late in 2011, SABOA requested the Minister of Basic Education to lodge an investigation into scholar transport to investigate all facets of scholar transport including the remuneration paid to scholar operators and the delay in settling their claims.

SABOA met with the Department of Education on 11 April 2012 and repeated its request for a formal investigation into scholar transport. SABOA was also invited to attend the quarterly meetings that the Department of Education has with its provincial departments to enable SABOA to raise its issues at these meetings. SABOA will also be invited to give input into the financial model that is being developed for scholar transport.

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 kilometer to 60 cents per learner per kilometer with effect from 01 April 2008. The rate was further increased to 70 cents per learner per kilometer 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 of R1,00 per learner per kilometer to the GDE on 01 April 2010. The GDE increased the rate to 80 cents per learner per kilometer later in the year. This rate is still in place.

In 2010 the GDE put out a tender for the rendering of scholar services but to date the tender has not been awarded. During discussions with the Head of the Department of Education on 15 March 2012, he indicated that the tender will be awarded shortly.

Late payments to operators are once again being experienced and will be addressed by SABOA.

3.2.1.2 Scholar Transport in Mpumalanga

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 in 2010 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.

The tenders have been awarded but many problems are being experienced as it seems as if the Department allocated routes randomly and are paying operators different rates than they applied for in their tenders.

Many of the operators who were awarded contracts are new in the industry and are not members of SABOA. Our Mpumalanga Branch is currently working on a strategy to get them to join SABOA.

3.2.2 Commuter Transport

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

Although the DORA system 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. National Treasury views the subsidy amount in DORA as a Supplementary Grant and provinces have to budget for additional amounts to honor their contracts. This is

however not happening and operators are being paid according to the funds in DORA which is less than the escalation in terms of their contracts.

In 2011 the SABOA Council took a decision that operators should be paid according to the escalation provided for in their contracts and if government again deviates from this principle, SABOA will be forced to seek legal advice on the matter.

Unfortunately, a similar situation is being experienced in 2012 and SABOA has instituted legal proceedings against the Gauteng Government to rectify the situation.

3.2.3 Tourist Transport

In the 2010/11 Annual Report, I reported that through the efforts of SABOA and SATSA (South Africa Tourism Services Association), a new dispensation for tourist transport services has been provided for in the National Land Transport Act and that the two Associations have been interacting with the Department of Transport on the establishment of the National Public Transport Regulator (NPTR) to ensure that there is a full understanding of the requirements and skills required for the proper functioning of this office.

In April 2012 the Department of Transport published the names of ten people eligible for appointment as officials of the NPTR and invited interested parties to comment on the proposed appointment of these people. SABOA, SATSA TBCSA (Tourism Business Council of South Africa) and SAVRALA (South African Vehicle Rental and Leasing Association) objected to the appointments due to the fact that there is no indication in the publication of the fields of expertise of the proposed officials.

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:

24 March 2011	Hosted by ZF
23 June 2011	Hosted by Digicore
09 September 2011	Cathedral Peak Hotel, Drakensberg
24 November 2011	Hosted by Voith

3.3.1.2 SABOA Technical Committee Issues

The following are some of the main issues that were also discussed at the SABOA Technical Committee meetings:

- Modification of bus passenger seats
- Axle mass loads for buses and coaches
- Bus passenger weight per seat
- Emergency exits
- Waste-tyre management regulations
- Vehicle license and COR
- Road Traffic Regulation amendments
- SANS 534(Microdots)

3.3.2 OPERATIONS SUBCOMMITTEE

3.3.2.1 Operations Subcommittee Meetings

In the 2011/12 financial year the SABOA Operations Subcommittee, under the Chairmanship of Francois Meyer, held meetings as follows:

09 March 2011	SABOA Offices, Randburg
05 April 2011	SABOA Offices, Randburg
27 July 2011	SABOA Offices, Fourways
21 September 2011	SABOA Offices, Fourways
16 November 2011	SABOA Offices, Fourways
14 March 2012	SABOA Offices, Fourways

3.3.2.2 Issues Addressed by the Operations Committee

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

- Regulations on integrated fare systems
- Road safety
- ETM specifications
- NLTA: second set of draft regulations
- Gauteng Freeway toll fees
- Draft model tender documents
- BRT systems

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 / Craig Drysdale, held meetings as follows:

16 March 2011	Teta Offices, Randburg
11 May 2011	Teta Offices, Randburg
13 July 2011	Mercedes-Benz, Zwartkop
14 September 2011	Isringhausen
09 November 2011	Isringhausen
07 March 2012	MAN

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
- Tourism draft bill
- Accreditation of tourist transport services
- NLTA: second set of regulations
- Amendments to AARTO regulations
- Axle mass loads for coaches

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 Driver Skills Programme for Small Bus Operators

3.4.1.2 Small Coach Operators Skills Programme

3.4.1.3 National Certificate: Professional Driving Learnership

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.

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 2011. On behalf of SABOA we wish to express our appreciation to the University of Johannesburg for their support in this regard.

3.5 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 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 bus 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 fee. 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 such as a fuel levy.

Even after the Minister of Transport announced a reduction in toll fees that would come in operation on 30 April 2012, industries and the public at large remained opposed to any amount of tolling. In spite of the opposition, Government continued with the arrangements for the implementation of the toll fees.

SABOA interacted with SANRAL to discuss the arrangements for operators that qualified for exemption from paying toll fees as well as the requirements for applying for an exemption certificate. During these discussions agreement was reached with SANRAL to extend the exemption to scholar operators and to reduce the registration fees for operators when applying for exemption.

In the meantime, the OUTA group had been formed and they approached the High Court for an interdict to postpone the implementation of the toll fees for further investigation to find alternative payment methods. Their application was successful and the Gauteng Freeway tolling system has been put on hold until a final decision is taken on the matter.

3.6 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 purpose 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.

In view of a number of incidents where the Consumer Commissioner acted on complaints from commuters about the validity of their tickets, SABOA together with PRASA and GAUTRAIN who had similar incidents, met with the Department of Transport on the matter. It was resolved that the Department of Transport would through the Minister of Transport request the Department of Trade and Industry to grant the relevant industries a grace period of 12 months before applying the Act. During this grace period the relevant industries would consider ways and means of complying with the Act. This request is still under consideration.

3.7 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) on a number of occasions 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 were 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.

The matter has been with Nedlac for some time and it is understood that they were also waiting for the report on the pilot project in Tshwane and Johannesburg. The report has now been submitted to Nedlac and a meeting is expected to take place soon to determine the way forward. SABOA is a member of BUSA who represents business in Nedlac and as such we will attend the meetings on AARTO.

3.8 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 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 initial 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.

3.9 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 2011 are as follows:

- **Outstanding applications to Lesotho Border**

A moratorium on the issuing of permits to Lesotho was introduced a number of years ago due to taxi violence. SABOA had many discussions with the C-BRTA and the Department of Transport to address the reasons for the moratorium so that it can be lifted. Although I am pleased to announce that the moratorium has been lifted, SABOA is concerned that the backlog of 2 000 applications which accumulated due to the moratorium has still not fully been dealt with. SABOA has requested a meeting with the Chief Executive Officer of the CBRTA to address this matter.

- **Increase in permit fees**

The CBRTA introduced an excessive increase in permit fees (especially for freight and bus operators) early in 2011 in spite of objections from the Road Freight Association and SABOA. This matter was raised with the CBRTA in its Passenger Forum meetings and a request was also tabled to invite the Minister of Transport to attend one of the Passenger Forum meetings to enable stakeholders to discuss this matter with the Minister. To date, the CBRTA has not been successful in securing a meeting with the Minister.

As mentioned above, a meeting has been requested with the Chief Executive Officer of the CBRTA to discuss the outstanding applications to Lesotho. There are, however, also other issues that need to be discussed with him. These issues relate to, inter alia, the role of the bus industry in cross-border transport, the indication that more requirements are being placed on the cross-border bus industry whilst this is not the case with the taxi industry, permits that operators have had for many years are being questioned by the taxi industry in meetings chaired by the CBRTA etc.

3.10 WAGE NEGOTIATIONS

In 2011 agreement was reached in the Bargaining Council on minimum levels for wages and benefits without industrial action and we wish to congratulate the SABEA team on this achievement. An application has also been submitted to the Department of Labour to extend the SARPBAC Agreement to non-parties to the Agreement. SABOA requested SABEA that scholar transport operators be excluded from the process.

In 2012 the Department of Labour approved the application that the SARPBAC Agreement be extended to non-parties to the Agreement (excluding scholar transport operators).

3.11 STRATEGIC PLANNING WORKSHOP

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

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

- Empowerment of SMME's
- Influencing Policy
- Promoting and Protecting the Bus Industry through SABOA
- Skills Development

In 2012, it was resolved to have separate strategic planning workshops for SMME's and established operators to allow both groups to identify and discuss their issues where after the results of both workshops would be considered by Council with the view to identify the focus areas for 2012.

Due to the lack of progress regarding the empowerment of SMME's, an ultimatum was given to SABOA by its SMME members who attended the strategic planning workshop that if no substantive empowerment takes place by 01 April 2012, all SMME office-bearers will vacate their positions in SABOA.

I am pleased to announce that through the guidance and leadership of the SABOA President the ultimatum has been postponed to May 2013 to allow established operators more time in the uncertain environment they are operating in to consider areas of empowerment for SABOA's SMME's. The Empowerment Committee of SABOA has been capacitated and clear objectives have been identified for this Committee to address in the course of 2012. We are confident that success will be achieved in the course of the year and that these successes can be reported on at the 2013 strategic planning workshop.

3.12 VEHICLE RENTAL SCHEME FOR SMME'S

In line with the resolutions taken at previous strategic planning workshops to facilitate the empowerment of SABOA SMME's, SABOA embarked on an initiative with the Industrial Development Corporation (IDC) and vehicle manufacturers to assist SMME members in acquiring vehicles.

To this end, all vehicle manufacturers that are members of SABOA were invited to participate in the Scheme but it was only MAN Truck and Bus that confirmed its participation in the Scheme. The Scheme was set up and information was circulated to all SABOA members.

Unfortunately, it seems as if there was not much support from SMME's for the Scheme. SABOA will liaise with its SMME members and MAN Financial Services to ascertain the reasons for the poor support of the Scheme.

3.13 CONFERENCE AND EXHIBITION / GALA DINNER

A one-day conference which consisted of a plenary session and parallel sessions was held on 23 February 2012 at the CSIR conference centre in Pretoria. The conference was combined with an exhibition of products and services by 29 of SABOA's Associate members.

The conference was attended by 400 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 and exhibition over many years.

A gala dinner was held on 22 February 2012 at the CSIR conference centre and was attended by 300 people.

3.14 AXLE MASSLOADS IN RESPECT OF BUSES AND COACHES

This issue has been under discussion with the Department of Transport for many years and SABOA would like to appeal to the authorities to address this issue together with the industry as a matter of extreme urgency.

In a further attempt to find a solution, SABOA and SATSA have through the Tourism Business Council of South Africa (TBCSA) approached the Minister of Tourism to assist in addressing this matter. It is understood that the Deputy Minister of Transport has met with the Director-General of Transport on this issue and other tourist transport-related matters and that he is currently waiting for a report from the Director-General where after a meeting will be arranged with the Associations.

3.15. NATIONAL SMALL BUS OPERATORS COUNCIL

In pursuance of the National Conference for Small Bus Operators that was held on 23 and 24 November 2009, a follow-up conference was held on 04 November 2011. During the latter conference it was resolved to formalize the small bus operators by establishing a National Small Bus Operators Council.

An interim structure, the National Consultative Committee (NCC), was established to assist the Department of Transport with its arrangements. SABOA is represented on the NCC.

A Memorandum of Understanding (MOU) between the Department of Transport and the NCC was concluded as well as a constitution for the proposed Council. A framework document on the empowerment goals for the Council was also compiled.

Currently, elections are being conducted at regional and provincial level to establish the Council at provincial level where after the national structure will be elected. It is expected that this process should be finalized by the end of June 2012.

3.16 COMMENTS ON POLICY/LEGISLATION/SABS REPORTS

- Various SABS Reports
- Amendments to the Road Traffic Regulations, 1996.
- NLTA: second set of regulations
- Model Gross-based Negotiated Contract Document
- Model Net-based Negotiated Contract Document
- Model Gross-based Tender Contract Document
- Model Net-based Tender Contract Document
- Small Bus Operators' MOU with the DOT
- Small Bus Operators' constitution
- SANRAL'S toll fee strategy

3.17 MEETINGS WITH MEC'S, GOVERNMENT OFFICIALS AND UNIONS

During the year under review the 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
- Gauteng Department of Education
- Road Traffic Management Corporation

3.18 EXTERNAL COMMITTEES

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

- Heads of Agreement Working Group
- SABS Technical Committee
- Nedlac Transport Task Team
- NDOT Committee on Accessible Transport
- National Department of Transport's Transport Master Plan 2005 – 2050.
- Ekurhuleni Transport Committee
- City of Pretoria's BRT Committee
- City of Johannesburg's BRT External Committee
- Task Team on Model Contract Documents

3.19 SABOA SERVICES/BENEFITS

Advice was given to a number of SABOA Members in 2011/12 on matters such as:

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

3.20 SECRETARIAL SERVICES

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

3.21 NEW MEMBERS

During the 2011/12 financial year, SABOA approved 69 applications for Principal membership and 3 applications for Associate membership. The current membership profile of SABOA is as follows:

- Principal members : 949
- Associate/Affiliate members : 67

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 2011/12 financial year was approved by Council earlier today and is available to members for inspection at the offices of SABOA.

6.. PERSONNEL

An organization's biggest asset is its personnel. SABOA was extremely fortunate over the years in having continuity among its staff but in 2011 it had to replace two staff members through retirement and a resignation whilst a third staff member was promoted into one of the vacancies which in turn left a third vacancy that had to be filled. All the vacancies were filled successfully and we are now ready to address the challenges that face our industry.

I would like to thank each and every staff member for their 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
31 May 2012
JW/REPORTS 2009/2010