

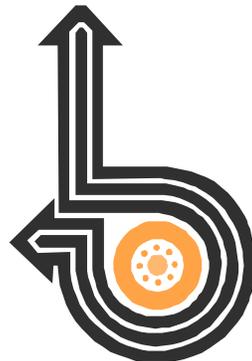
**SOUTHERN AFRICAN
BUS OPERATORS ASSOCIATION**

2014/2015

**ANNUAL REPORT
OF THE COUNCIL**

Presented By

Prof J Walters



CONTENTS

VISION AND VISION SUPPORTING VALUES

- 1. INTRODUCTION**
- 2. MANAGEMENT OF THE ASSOCIATION**
- 3. SPECIFIC ISSUES DEALT WITH DURING 2014/2015**
 - 3.1 Policy Issues
 - 3.1.1 Increased funding for public transport
 - 3.2 Public Transport
 - 3.2.1 Scholar transport in Gauteng
 - 3.2.2 Scholar transport in Kwazulu-Natal
 - 3.2.3 Subsidised bus commuter transport
 - 3.2.4 Tourist transport
 - 3.3 SABOA Committees
 - 3.3.1 Technical Committee
 - 3.3.1.1 Technical committee meetings
 - 3.3.1.2 SABOA technical committee issues
 - 3.3.2 Operations Subcommittee
 - 3.3.2.1 Operations Subcommittee meetings
 - 3.3.2.2 Issues addressed by the Operations Committee
 - 3.3.3 COASA Subcommittee
 - 3.3.3.1 COASA subcommittee meetings
 - 3.3.3.2 Issues addressed by COASA
 - 3.4 Road Transport Management System
 - 3.5 Driver Training Academy for the Bus Industry
 - 3.6 SANTACO's Complaint to the Competition Commission
 - 3.7 Workshop with DOT and PRE's
 - 3.8 Public Relations Strategy for SABOA
 - 3.9 Empowerment of SMME Members of SABOA
 - 3.10 Training
 - 3.10.1 SABOA skills programmes for SMME's
 - 3.10.1.1 Advanced scheduling (skills programme)
 - 3.10.1.2 RPL National Certificate: Professional Driving (certificate)
 - 3.10.1.3 FET Certificate: Road Transport Supervision (certificate)
 - 3.10.2 Road passenger transport management programme

- 3.11 Gauteng Freeway Improvement Scheme
 - 3.12 Bus Rapid Transit Systems
 - 3.13 Cross-Border Issues
 - 3.14 SABOA Short-Term Insurance Scheme
 - 3.15 SABOA Bus Indabas
 - 3.16 Alignment of the Bus Sector Charter to the Amended DTI Codes of Good Practice
 - 3.17 Wage Negotiations
 - 3.18 Strategic Planning Workshop
 - 3.19 Extension of the Bargaining Council Agreement
 - 3.20 Conference and Exhibition/Gala Dinner
 - 3.21 Comments on Policy/Legislation/SABS Reports
 - 3.22 Liaison with Stakeholders
 - 3.23 External Committees
 - 3.24 SABOA Services/Benefits
 - 3.25 Secretarial Services
 - 3.26 New Members
- 4. SABOA MAGAZINE/NEWSLETTER**
 - 5. REPORT FROM THE AUDITOR TO THE MEMBERS OF SABOA**
 - 6. PERSONNEL**



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: 2014/2015

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 Acting Director-General of the Department of Transport, Mr Vilana, the Acting Deputy Director-General, Mr Mokonyama, and the officials of the Department of Transport, especially Mr Lesiba Manamela for their efforts in addressing the inadequate funding for public transport with National Treasury.

The Association would also like to express its appreciation to all provincial MEC's for Transport and the officials in their departments for attending to the industry's concerns at provincial level. We also wish to thank the officials in the provincial departments of transport for their willingness to assist in addressing the concerns that operators experienced in their provinces.

On behalf of SABOA and its Members we wish to thank the President and Vice-President of the Association, Messrs Sidwell Nche and Andrew Sefala as well as the Chairpersons of the SABOA Provincial Branches for their dedication in representing SABOA at various forums throughout the year. A special word of appreciation is also addressed to the National Council and National 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 eighth term of being governed in terms of its democratically transformed constitution where SMME members have equal voting rights than established operator members in the Association and equal representation in the management structures of SABOA, i.e. its National Council and National Executive Committee.

During the 2014/2015 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 the National Council and the National Executive Committee for the term 2013-2015. In terms of the amendments to the constitution in 2013, the term of office of Council and Executive Committee members has been extended from two years to four years and the next elections will be held in 2017. The term of office of the members elected in 2013 has therefore been extended to 2017:

2.1 Council Members

2.1.1 Elected Members

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

Messrs	R S Nche	City Road Trans Service (President)
	M D Sambo	Sambo Express
	J Vanqa	Vaal Maseru Bus Service
	J Mayekiso	Mayekiso Bus Service
	S Maharaj	Maphumulo Mail Service (Pty) Ltd
	N Dollie	Overland Tours
	T Lebitsa	Hlakanang Bus Company
	C Bailey	Bailey's Bus Service
	N Kaloo	Ameer Kaloo & Sons
Ms	I Mncwango	Gauteng Women in Transport

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

Messrs	A Sefala	Ipelegeng (Vise-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
	N Madyibi	Mayebuye Transport Corporation
	S G Mitchell	Interstate Bus Lines
	P Zondo	Brakpan Bus Company
	A Heyns	Vaal Maseru Bus Service

- **Associate Members**

Mr P Kalil-Zackey	MAN Truck & Bus
Ms K Bell	Standard Bank Vehicle Asset & Finance

2.1.2 **Appointed Members**

Mr G Fleetwood	South African Bus Employers Association
Ms S Le Roux	COASA
Mr M Ramela	Commuter Bus Employers Organisation

2.2 **Executive Committee Members**

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

2.3 **Council/EXCO/General Meetings**

The following meetings were held in 2014/2015:

24 January 2014	:	Special EXCO
24 January 2014	:	EXCO/Council
27 March 2014	:	EXCO
29 May 2014	:	EXCO/ Council
24 July 2014	:	EXCO
18 September 2014	:	EXCO/Council
13 November 2014	:	EXCO
23 January 2015	:	EXCO/Council

3. SPECIFIC ISSUES DEALT WITH DURING 2014/2015

3.1 POLICY ISSUES

3.1.1 Increased funding for public transport

At SABOA's strategic planning workshop on 24 and 25 January 2013, Mr Manamela of the Department of Transport who was a guest speaker, announced that the Department had decided to embark on concluding negotiated contracts with contract holders to bring more stability into the industry. The Department would prepare themselves in 2013 and start implementing this process from April 2014. The Department would however require more funding and would approach National Treasury in the course of 2013 to obtain the required funding.

In view of the importance of increased funding for public transport, SABOA introduced the following process to address this matter:

- SABOA hosted a panel discussion between the National Department of Transport, National Treasury and the industry at the SABOA conference on 28 February 2013
- Met with the Western Cape MEC for Transport on 26 March 2013
- Arranged a meeting with the National Department of Transport and National Treasury to further discuss this matter. This meeting was held on 22 April 2013
- Requested a meeting with the previous Minister of Transport, Mr Martins to strengthen the efforts of the Department of Transport to obtain additional funding for public transport. The meeting with the Minister was held on 17 May 2013
- Arranged a meeting with COSATU for 24 July 2013
- Arranged a meeting with SARPAC for 30 July 2013
- Met with the Portfolio Committee on Transport on 30 July 2013 to obtain their support for additional funding for public transport
- Met with the MEC for Transport in Gauteng on 01 August 2013
- Met with the Advisor to the Minister of Finance on 26 August 2013
- Follow-up meeting with the Portfolio Committee on Transport on 05 November 2013
- Met with the Minister of Transport, Ms Peters, on 08 April 2014

Unfortunately, additional funding was not made available by National Treasury in 2014. In fact, National Treasury reduced the percentage increase in the DORA amount to 2.21% for the 2015/16 financial year.

SABOA would like to appeal to government to secure additional funding for public transport as there is a great need for additional services to be rendered to communities and to alleviate the financial crises operators are finding themselves in due to circumstances beyond their control.

3.2 PUBLIC TRANSPORT

3.2.1. Scholar Transport in Gauteng

In August 2014 SABOA became aware of the fact that the tender which the Gauteng Department of Education (GDE) had advertised in March 2013 had been awarded in August 2014 and would become operational on 01 September 2014. It was also brought to SABOA's attention that some of the operators who had been awarded contracts were approaching SABOA members to lease buses.

In terms of the evaluation criteria provided for in the tender, bidders had to prove that they own roadworthy buses. Those bidders who did not own buses were to be eliminated from further participation in the bidding process. To obtain clarity regarding these matters, a meeting was requested with Mr Mpofo of the GDE who is responsible for scholar transport. Only after raising its concerns with the Head of the Department (HOD), Mr Ngobeni, was a meeting arranged with Mr Mpofo for 01 September 2014.

In the meeting Mr Mpofo provided vague and unsatisfactory answers to the concerns raised by SABOA. He also acknowledged that the GDE did not carry out compulsory site visits in respect of the bidders who had been short-listed.

In view of these developments SABOA addressed a letter to the HOD and emphasized the following:

- There is no clear evidence that the tender that was issued in March 2013 (and which was only valid for 90 days) had been extended on a regular basis to ensure that it remained valid for the period June 2013 to August 2014.
- There is sufficient evidence that the GDE did not apply the evaluation criteria as prescribed in the tender document. This relates to the requirement that bidders should have roadworthy vehicles, the capacity to deliver the service (required number of vehicles) and that compulsory site visits had to be done in respect of bidders who had been short-listed.
- There are instances where service providers have been awarded contracts which have a major financial impact on their businesses as the new routes resulted in a huge reduction in monthly income. In certain instances, the reduction is in excess of 50% of their previous monthly income.

- Service providers who have been awarded contracts have been issued with appointment letters only and contracts have not been concluded with these service providers.

Due to a lack of response from the HOD the matter was referred to the MEC for Education and later to the Premier of the Province as the MEC also failed to respond. The matter was then referred to the Gauteng Portfolio Committee on Education as there was no response from the Premier of the Province.

The Chairperson of the Portfolio Committee met with a delegation of SABOA on 14 and 26 November 2014. On the latter date, the MEC, HOD and other GDE officials were present. The MEC invited SABOA to forward its concerns to him directly by 04 December 2014 and if there is sufficient proof, an independent investigator will be appointed to investigate SABOA's concerns.

The information was submitted to the MEC on 04 December 2014 and on 29 December 2014 an investigator was appointed. He had to complete his investigation within 30 days. In February 2015 the HOD terminated the investigation without providing any reasons for doing so and, it seems, before the investigation had been completed.

In spite of all attempts by SABOA to find a solution, the matter remains unresolved. A meeting was then arranged with the MEC for 12 May 2015 to discuss the way forward. During the meeting of 12 May 2015, the MEC proposed that the SABOA's concerns be addressed in the tender for new additional routes. This is however not acceptable to SABOA as it will not correct the mistakes that were made in the 2013 tender. A letter to this effect has been addressed to the MEC and SABOA is awaiting the MEC's response.

3.2.2 Scholar transport in KwaZulu-Natal

Overloading of scholar transport buses was reported to the KwaZulu-Natal Department of Education by scholar transport service providers on a number of occasions and meetings were also held with the Department regarding this matter. The Education Department has however ignored the request from service providers for the introduction of additional vehicles due to budgetary constraints.

3.2.3 Subsidised Bus Commuter Transport

In the 2013/14 Annual Report I reported extensively on the shortfall in bus subsidies for the financial years 2009/10 to 2013/14 and the steps that SABOA had taken to address this 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 expects provincial governments to provide for bus subsidies in their budgets. With the exception of a few provinces, provincial governments do not budget for subsidized commuter transport nor do they budget for the difference between the DORA supplementary grant and the actual cost of running these bus services based on the escalation formulae in the respective contracts.

From discussions SABOA had with National Treasury it is evident that it is their view that the responsibility for public transport should be devolved to local government and that increased funding for public transport can only be considered by National Treasury once this transformation has taken place.

The devolvement of this function is the responsibility of the Department of Transport and is beyond the sphere of control of the industry. The delay in devolving this function is affecting the financial well-being of the industry to such an extent that if not addressed urgently will result in the collapsing of companies providing subsidized commuter bus services.

It is crucial that additional funding be made available to these companies in the interim period until the transformation process has been completed. If existing infrastructure is allowed to deteriorate it will be extremely costly to replace it at a later stage. It therefore makes economic sense to maintain the existing infrastructure.

As discussed earlier in my report, SABOA embarked on an initiative to meet with various stakeholders in order to address this anomaly and we will continue with these efforts in 2015. Appointments have been requested with the Parliamentary Portfolio Committee on Transport and the Minister of Finance as there have been new appointments after the 2014 general elections and we are awaiting their response.

3.2.4 Tourist Transport

In the 2013/14 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 managing of the newly established accreditation system for tourist transport operators.

The indication from the Department of Transport in 2014 was that the NPTR would be operational in April 2015. The delay in the operational readiness of the NPTR can mainly be ascribed to finalizing the appointment of staff and securing office accommodation for the NPTR. An announcement by the Minister of Transport is expected in June 2015.

Members of SABOA are keen for the NPTR to start functioning as it will alleviate many of the difficulties operators experience at Provincial Regulatory Entities. We therefore wish to appeal to the Department of Transport to expedite the finalization of all the outstanding arrangements so that the NPTR can become operational as soon as possible.

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:

05 March 2014	MAN Truck & Bus
15 May 2014	Mercedes-Benz
17 July 2014	Isringhausen
09 October 2014	Villa Amazi
28 November 2014	The Winkler

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:

- Emergency exits
- Euro iv, v & vi engines
- CNG fuelled buses
- Road Traffic Regulation amendments
- SANS 534(Microdots)
- Homologation

3.3.2 **OPERATIONS SUBCOMMITTEE**

3.3.2.1 **Operations Subcommittee Meetings**

In the 2014/15 financial year the SABOA Operations Subcommittee, under the Chairmanship of Francois Meyer, held meetings as follows:

12 March 2014 SABOA Offices
14 May 2014 SABOA Offices
16 July 2014 SABOA Offices
10 September 2014 SABOA Offices
12 November 2014 SABOA Offices

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:

- RTMS
- Bus safety campaign
- Operating licenses
- Accident reconstruction
- Driver behavior workshop
- Driver training academy
- BRT developments
- Road safety initiatives

3.3.3 **COASA Subcommittee**

3.3.3.1 **COASA Subcommittee Meetings**

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

05 February 2014 Vix-Questek
02 April 2014 Mercedes-Benz
04 June 20134 Vix-Questek
06 August 2014 Vix-Questek
08 October 2014 Vix-Questek

3.3.3.2 **Issues addressed by COASA:**

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

- Exemption from toll fees for coaches
- Passenger liability
- Permits/Operating licenses
- Extension of SARPBAC agreement
- Bus employers organisation
- Amendments to the DTI B-BBEE codes of good practice
- C-BRTA Passenger Forum meetings
- Increase in cross-border permit fees
- Lesotho border post issues
- Park Station parking for coaches

3.4 ROAD TRANSPORT MANAGEMENT SYSTEM

In view of the importance of road safety for the industry, the National Council of SABOA resolved to adopt the Road Transport Management System (RTMS) and to encourage its members to apply for the accreditation of the RTMS system.

RTMS is an industry-led, government supported, voluntary, self-regulation scheme that encourages road transport operators to implement a management system (SANS 10399:2012) with outcomes that improve road safety.

I wish to congratulate Buscor and Golden Arrow Bus Services for having been successful in applying for RTMS accreditation. I am also aware of the fact that Putco is busy with this process.

SABOA wishes to encourage its members to consider applying for RTMS accreditation as it has distinct benefits for operators and improves road safety.

3.5 DRIVER TRAINING ACADEMY FOR THE BUS INDUSTRY

Due to an increasing concern among SABOA members about driver behavior it was resolved to arrange a one-day workshop under the auspices of the Operations Committee to address these concerns. The workshop was held on 13 August 2014 and included presentations from bus and coach operators, TETA, a medical practitioner, proposals from various speakers to improve driver behavior, including a presentation from the Automobile Association in the United Kingdom.

A unanimous decision was taken at the workshop to establish a driver training academy based on training programmes that comply with international standards.

The Automobile Association in the UK was requested to provide SABOA with a quotation to assist in establishing a driver training academy for the bus industry.

The quotation is currently being scrutinized by the Operations Committee through a subcommittee that has been formed for this purpose. A report with recommendations will be submitted to the SABOA Exco shortly for consideration.

3.6 SANTACO'S COMPLAINT TO THE COMPETITION COMMISSION

On 02 April 2014 SABOA received a letter from the Competition Commission informing SABOA that it had received a complaint from SANTACO against the Minister of Transport, MEC's for Transport and SABOA claiming the following:

- Bus operators received subsidies from government whereas taxi operators do not receive any subsidies. These subsidies make it difficult for taxi operators to compete with bus operators on an equal footing.
- The agreement provides a clause for rights of first refusal which have the effect of excluding taxi operators and historically disadvantaged persons from receiving subsidies.
- Bus operators have secured lucrative subsidies, through collusion, in part by SABOA, who only assists its members in getting subsidies for providing public transport to commuters.

SABOA, together with its attorney, Bowman Gilfillan met with the Competition Commission and after submitting additional information to the Competition Commission was informed that the matter will not be referred to the Competition Tribunal for further investigation.

3.7 WORKSHOP WITH DOT AND PRE'S

In view of difficulties which members have with Provincial Regulatory Entities and Operating Licensing Boards in addressing their concerns with their applications for permits/operating licenses, SABOA approached the Department of Transport for assistance. The Department agreed that it would assist SABOA in arranging workshops with the Provincial Regulatory Entities/Operating Licensing Boards where members are experiencing difficulties.

The first workshop was held on 07 August 2014 with the Northwest Provincial Regulatory Entity and currently arrangements are being made to meet with the Gauteng Provincial Regulatory Entity. This will be followed by meeting with the KZN Provincial Regulatory Entity.

3.8 PUBLIC RELATIONS STRATEGY FOR SABOA

In order to enhance the image of SABOA and to be able to respond to public transport issues in the media, the Council of SABOA resolved to investigate the possibility of appointing a public relations company to assist SABOA in this regard.

In November 2013 SABOA approached a number of public relations companies and invited them to an information session during which they were given background on SABOA and its activities and requested to submit proposals to SABOA as to how they could assist SABOA in achieving its objectives.

Proposals were received from seven companies but unfortunately these services were not affordable and SABOA had to abandon the project. When a staff vacancy occurred in SABOA in December 2014 it was resolved to appoint someone who could perform PR duties as well. In this regard I am pleased to announce that with effect from 04 May Ms Ramona Mudali has been appointed as Manager: Public Relations, Events Co-ordination and Committee Support.

3.9 EMPOWERMENT OF SMME MEMBERS OF SABOA

SABOA fully supports the empowerment of SMME bus operators and this is evidenced by the following:

- The SABOA constitution was amended in 2003 to give effect to this view.
- An Empowerment Committee consisting of Council members was appointed and provision was made in the SABOA budget to cover the travel and accommodation costs of Committee members when they visit provincial governments and SABOA members in the provinces to promote empowerment of SMME's or discuss empowerment initiatives.

The Empowerment Committee has been busy with a number of initiatives in various provinces, but its efforts are being hampered by the lack of financial information from SMME's involved in this process and the availability of funding for these transactions. The Empowerment Committee has requested a meeting with the Minister of Small Business Development to discuss ways and means of assisting SMME's to grow and expand their businesses.

Members are invited to contact the Chairperson of the Empowerment Committee, Mr Daniel Sambo, should they wish to discuss empowerment initiatives which could be investigated by the Empowerment Committee.

3.10 TRAINING

3.10.1 SABOA SKILLS PROGRAMMES FOR SMME'S

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

- 3.10.1.1 Advanced scheduling (skills programme)
- 3.10.1.2 RPL National Certificate: Professional Driving (learnership)
- 3.10.1.3 FET Certificate: Road Transport Supervision (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 conducted on behalf of SABOA.

3.10.2 **Road Passenger Transport Management Programme**

In a joint venture between the University of Johannesburg and SABOA, 330 learners were trained on this programme during 2014. On behalf of SABOA we wish to express our appreciation to the University of Johannesburg for their support in this regard.

3.11 **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.

SABOA was extensively involved in commenting on the process that was followed by SANRAL to introduce the Gauteng Freeway Improvement Scheme and had a number of meetings with SANRAL regarding this process as well as to discuss the procedures and requirements for qualifying commuter bus operators to apply for exemption from paying toll fees. SABOA also commented on all the regulations that were published for comments regarding this process.

In March 2014, SABOA applied to SANRAL for the exemption of tour and charter coach services and for a separate category for buses and coaches that are not exempt from paying toll fees. SANRAL responded as follows:

“Having regard to the implementation of the user-pays principle on the GFIP toll roads, it has been determined, as a matter of policy, in the case of public transport that only qualifying commuter transport services, as described in the Exemption Notice published on 19 November 2013, should be exempted from the payment of toll on the GFIP toll roads. Other types of public transport are commercially orientated and should not be exempted. The tour and charter services described are

typically commercial services where the passengers (tourists and conference attendees) involved have no special need for assistance or subsidization. The Agency also considered the impact of any exemption on the proposed category on other similar categories of users and the possible impact thereof on the user-pays principle in relation to the GFIP toll roads. The Agency has therefore, after consideration of the submissions made and having regard to the requirements of the user-pays principle, determined not to exempt these services from the payment of toll on GFIP toll roads.

The request for differentiated tariffs for buses and coaches is not a request for exemption. The Agency has considered the matter and decided that it would not be appropriate and/or feasible to differentiate in the suggested manner.”

3.12 BUS RAPID TRANSIT SYSTEMS

SABOA has stated repeatedly that it is in favour of Bus Rapid Transit (BRT) systems as part of an 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 appropriate for most urban areas although it could differ from metropolitan area to metropolitan area depending on the operating circumstances and requirements, level of funding that is available etc. Metropolitan Councils should also ensure that proper viability impact studies are undertaken to determine the need for a BRT system or whether existing public transport systems should be improved. BRT systems will need continued 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 Cities of Johannesburg and Cape Town have made the most progress with the implementation of its BRT systems. In Johannesburg, Phase 1A was completed and handed over to the taxi industry whilst in Cape Town the My City Service has also been introduced.

Phase 1B in Johannesburg which is intended for bus and taxi operators has not fully been concluded although the service is operational. SMME bus operators are still excluded and SABOA is however concerned about the efforts of COJ to continue excluding SMME bus operators from being part of the process as they are not regarded as “affected operators.” The Gauteng Branch of SABOA declared a dispute with the City of Johannesburg regarding the exclusion of its SMME members. This process is however being delayed by the City of Johannesburg which resulted in the matter being raised with the MMC for transport for assistance.

Phase 1 of the Tshwane Rapid Transit system became operational in 2014. A similar problem as in the case of the City of Johannesburg has arisen in that the City of Tshwane has taken a decision at a very late stage that SMME bus operators are excluded from this process. SABOA has objected to this decision and will be raising the exclusion of SMME bus operators at the Bus Summit with the Minister of Transport in July 2015.

3.13 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 2014 are as follows:

- Separate Passenger Forum meetings which will allow bus operators to raise sensitive matters without threats from taxi operators. Although the request from SABOA for separate Passenger Forum meetings was approved the C-BRTA decided unilaterally to re-introduce joint meetings between bus and taxi operators in 2014. SABOA objected to this decision and after a number of meetings the C-BRTA decided to have two separate and two joint meetings per annum. A further decision was taken by the C-BRTA to change it to two meetings per annum, one separate and one joint meeting. Bilateral meetings will be held in between with the different stakeholders.
- SABOA raised its concern with the C-BRTA about the future of the cross-border bus industry as it was evident from a number of factors such as the number of permits issued to taxi operators in relation to bus operators, intimidation by taxi operators on bus operators, the questioning of the legality of bus operators' permits by taxi operators and the C-BRTA etc that the focus of the C-BRTA is mainly on the taxi industry.

- In discussions with the C-BRTA, SABOA stressed that in view of the fact that most cross-border routes are long-distance routes, the bus industry should form the backbone of cross-border industry and not the taxi industry. Taxi-type vehicle are not designed for long-distance routes whilst buses are designed for such routes.
- The C-BRTA needs to find a scientific methodology to regulate market access. This will assist in avoiding the overtrading of routes as is currently the case in the cross-border taxi industry.

These matters are still under discussion with the C-BRTA.

3.14 SABOA SHORT-TERM INSURANCE SCHEME

After being associated with the short-term insurance broker, Aon, for 15 years, the Council of SABOA awarded a contract of 5 years to Insurance Zone Administrators to manage the SABOA insurance scheme after following a bidding process in April and May 2014.

Insurance Zone, however, withdrew from the scheme after three months and the Council of SABOA then awarded the contract to Ibiliti Underwriting Managers for a period of 5 years.

The Scheme that is offered to members is unique in that it consists of very competitive insurance rates and provides for cost saving benefits in respect of a wide range of products and services. In order to market both benefits i.e. the insurance benefits and the cost saving benefits the Scheme has been branded the Kuphelele Bus Solution.

One of the biggest benefits to our SMME members who have 30 or less buses is that if they join the Kuphelele Bus Solution Scheme they get membership of SABOA free of charge.

3.15 SABOA BUS INDABAS

In order to promote the new short-term insurance and to inform members of the developments in the bus industry bus indabas were held in 2014 as follows:

- Polokwane: 15 July 2014
- Klerksdorp: 12 August 2014
- White River: 28 August 2014
- Cape Town: 16 September 2014
- Bloemfontein: 01 October 2014
- Mthata: 14 October 2014
- Durban: 28 October 2014

All the bus indabas were well attended and will be repeated in 2015.

3.16 ALIGNMENT OF THE BUS SECTOR CHARTER TO THE AMENDED DTI CODES OF GOOD PRACTICE

After the publication of the revised DTI Codes of Good Practice in October 2013, the Department of Transport embarked on a consultative process to solicit views and inputs in the sector to align the Bus and Coach Sector Charters to the revised DTI BBBEE Codes of Good Practice.

The SABOA Council appointed a subcommittee to interact with the Department of Transport on the alignment process. A series of meetings were held between the Department of Transport and the SABOA BEE Subcommittee during which robust debates took place before agreement was reached. It is especially the proposed targets in respect of the elements Skills Development and Enterprise and Supplier Development that proved challenging.

SABOA's proposals are still under consideration by the Department.

I would like to express my sincere appreciation to the members of the Subcommittee for their assistance and support during the interaction with the Department of Transport.

3.17 WAGE NEGOTIATIONS

In 2014 the parties in SARPAC could not reach agreement and a settlement of 9.5% was only reached through mediation.

In 2015 a similar situation developed. A mediator was appointed and a proposal of 9% was tabled. The matter is still under consideration.

3.18 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 2015 strategic planning workshop which was held on 22 and 23 January 2015 the following focus areas were identified:

- Focus area 1: Policy
- Focus area 2: Empowerment
- Focus area 3: Operational issues
- Focus area 4: Public relations/lobbying government/road safety

3.19 EXTENSION OF THE BARGAINING COUNCIL AGREEMENT

In April 2012 the Main Collective Agreement of the South African Road Passenger Bargaining Council (SARPBAC) was extended to non-parties to the Agreement. It however excludes scholar transport services where learners are exclusively transported between residence and school (operators who render other services over and above scholar transport services are not exempt and have to comply), Transnet and Local Authorities. The Main Collective Agreement was also extended in 2013 and 2014.

In view of the fact that a large number of SABOA's members are not members of the existing employers' organisations SABEA and COBEO, and in view of the fact that there is a view among these members not represented in the Bargaining Council that they will be better represented by their own employers' organisation, SABOA was requested to assist them to establish an employers' organisation.

SABOA is conducting a survey among its members to establish whether there is sufficient support (a minimum of 2 000 employs are required) to be able to register an employers' organisation. This process is ongoing and will again be raised at the bus indabas that will be held over the next six months.

3.20 CONFERENCE AND EXHIBITION / GALA DINNER

A one-day conference which consisted of a plenary session and parallel sessions was held on 06 March 2014 at the CSIR conference centre in Pretoria. The conference was combined with an exhibition of products and services by 34 of SABOA's Associate members.

The conference was attended by 400 delegates whilst 55 exhibition stands were displayed in the inside exhibition area. A variety of buses and coaches were also displayed 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. We also wish thank our Principal members for attending the conference and exhibition in large numbers.

A gala dinner was held on 05 March 2014 at the CSIR conference centre and was attended by 290 people

In March 2015 a two-day conference was held which was attended by 480 people. It was the first time that a two-day had been arranged and SABOA is currently busy with a survey among its members to gage their views on this format for 2016. Members are encouraged to participate in this survey to assist SABOA in the planning of its 2016 conference.

3.21 COMMENTS ON POLICY/LEGISLATION/SABS REPORTS

- Various SABS Reports
- Amendments to the Road Traffic Regulations
- Increase in cross-border permit fees
- Draft National Scholar Transport Policy Document
- SANRAL'S toll fee strategy
- DTI's B-BEE Codes of Good practice

3.22 LIAISON WITH STAKEHOLDERS

During the year under review the SABOA had contact with the following:

- Minister of Transport
- Minister of Finance
- Premier of Gauteng
- Various MEC's for Transport
- National Department of Transport
- Various Provincial Departments of Transport
- Various Provincial Departments of Education
- Portfolio Committee on Transport
- Gauteng Department of Education
- Gauteng Portfolio Committee on Education
- Northwest Provincial Regulatory Entity
- Gauteng Provincial Regulatory Entity

3.23 EXTERNAL COMMITTEES

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

- Gauteng Master Plan
- Ekurhuleni Transport Committee
- City of Tshwane's TRT Committee
- City of Johannesburg's BRT External Committee
- COJ Passenger Forum
- SANRAL
- C-BRTA Passenger Forum meetings
- DOT BEE Alignment Committee

3.24 SABOA SERVICES/BENEFITS

Advice was given to a number of SABOA Members in 2014/15 on matters such as:

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

3.25 SECRETARIAL SERVICES

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

3.26 NEW MEMBERS

During the 2014/15 financial year, SABOA approved 66 applications for Principal membership and 10 applications for Associate membership. Unfortunately, in the course of the year, 36 members either closed their businesses due to financial constraints or stopped operating as they no longer had buses. This is very unfortunate and clearly reflects the impact of the down turn in the economy on the bus industry. The current membership profile of SABOA is as follows:

- Principal members : 950
- Associate members : 66

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 2014/15 financial year was approved by Council earlier today and is available to members for inspection at the offices of SABOA.

6. **PERSONNEL**

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. Unfortunately, we took leave of Joselin White in December 2014 after 8 years with SABOA but we have now gained with the appointment of Ramona Mudali who joined us on 04 May 2015.

I Thank You

J Walters
28 May 2015