

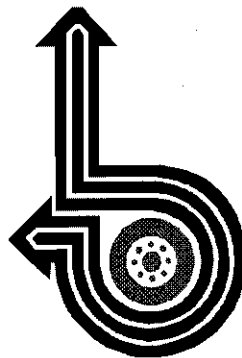
**SOUTHERN AFRICAN
BUS OPERATORS ASSOCIATION**

2015/2016

**ANNUAL REPORT
OF THE COUNCIL**

Presented By

Prof J Walters



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SABOA

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: 2015/2016

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 Director-General of the Department of Transport, Mr Selepe, 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 assistance 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 Andrew Sefala and Sidwell Nche 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.

During the 2015/2016 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 (Vice-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
Ms	I Mncwango	Gauteng Women in Transport
	Vacant	(The vacancy on Council is due to a vacancy in the KZN Branch which is being filled)

- Category B (30+ buses)

Messrs	A Sefala	IpelegengTransport Trust (President)
	A R Komane	NTI
	M H Heyns	Putco
	F E Meyer	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
	Vacant	

(Mr Meyer replaced Mr Cronje who retired in October 2015)

(The vacancy is due to the passing away of Mr Alex Heyns of Vaal Maseru Bus Service in January 2016. The vacancy still has to be filled).

• **Associate Members**

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

Mr G Fleetwood Ms S Le Roux Mr M Ramela	South African Bus Employers Association COASA Commuter Bus Employers Organisation
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2.2 **Executive Committee Members**

Messrs A Sefala R S Nche A R Komane J Vanqa M H Heyns F E Meyer S Maharaj Ms I Mncwango	Ipelegeng Transport Trust (President) City Road Trans Service (Vice-President) NTI Vaal Maseru Bus Service Putco Golden Arrow Bus Service Maphumulo Mail Service GWIT
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2.3 **Council/EXCO/General Meetings**

The following meetings were held in 2015/2016:

23 January 2015	:	Special Exco meeting
23 January 2015	:	Exco/Council meeting
26 March 2015	:	Exco meeting
28 May 2015	:	Exco/ Council meeting
30 July 2015	:	Exco meeting
17 September 2015	:	Exco/Council meeting
19 November 2015	:	Exco meeting
27 January 2016	:	Exco/Council meeting

3. **SPECIFIC ISSUES DEALT WITH DURING 2015/16**

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 interacted and met with various stakeholders during the period 2013 to 2014. Details of these meetings are outlined in my 2014/15 report.

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 continued its efforts in 2015 and met with National Treasury and the Department of Transport on 01 June 2015 to discuss the importance of additional funding for the industry. A Round Table Discussion meeting was also held with the Department of Transport on 23 July 2015 in which National Treasury was present to debate this matter. There after SABOA met with the Portfolio Committee on Transport on 04 August 2015 regarding this matter.

SABOA is pleased to announce that in the Minister of Finance's mid-term budget in October 2015, an additional amount of R1.4 billion was made available for public transport for the next three financial years.

Due to budget cuts which had to be applied by all state departments the amount was later reduced to R700 million which will be spread over three years on the following basis:

- 2016/17: R250 million
- 2017/18: R250 million
- 2018/19: R200 million

SABOA would like to express its sincere appreciation to the Department of Transport and in particular to Mr Mokonyama, for his efforts in securing the **additional** amount of R700 million to assist contract operators.

3.2 PUBLIC TRANSPORT

3.2.1 Subsidised Scholar Transport

In addressing the 2016 SABOA conference in March 2016, the Department of Transport highlighted the issues below as major issues in subsidized scholar transport. These issues, and others, have been raised by SABOA with government on numerous occasions and we are pleased that it is now receiving attention:

- Number of learners who qualify to be provided with subsidized transport exceeds the budgets available to provide such services
- New settlements and schools need to be coordinated
- Funding streams need to be able to respond to the constantly changing demand for services
- Dedicated services can respond to changing demands better than contracted commuter bus services
- Data management and reporting challenges

Scholar transport forms part of the Department of Transport's Turnaround Plan. I will elaborate on this under item 3.2.3 (Subsidised Bus Commuter Transport).

3.2.2. 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 Mpfu 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 Mpfu for 01 September 2014.

In the meeting Mr Mpfu 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.

In view of the lack of a response from the MEC, and in order to address the non-compliance to the tender evaluation criteria by the Department of Education, the matter was referred to the office of the Public Protector.

The office of the Public Protector has been interacting with the Department of Education regarding this matter throughout 2015 and according to reports from the office of the Public Protector the response from the Department of Education in providing information to the Public Protector has been slow. They are nevertheless continuing their efforts to obtain all the required information from the Department of Education to enable them to compile a report on the matter.

3.2.3 Subsidised Bus Commuter Transport/Bus industry challenges

In view of the many challenges facing the industry, SABOA requested a Bus Summit to discuss the following issues:

- The financial crisis in the commuter bus industry
- Empowerment of SMME bus operators
- Operational issues e.g. taxi intimidation, most PRE's not functioning effectively, functioning of the NPTR and the coach industry does not seem to be part of the DOT's planning process

The Department of Transport arranged a Round Table Discussion session on 23 July 2015 during which the following proposals were tabled:

- Adequate subsidy funding must be made available so that current services can continue to be provided and operated efficiently and effectively within the framework of contractual agreements that operators have entered into with the authorities;
- If adequate funding is not made available, operators may have to consider other options such as the withdrawal of non-subsidised services, withdrawal of loss making services, postponement or scaling down of bus replacement programmes and rationalization of services in general;
- The "value for money" proposition in the BRT system needs to be carefully looked at due to SA's unique settlement patterns;
- A number of task teams should be established to discuss and provide guidance on a number of issues such as funding, rationalization of services, empowerment of SMME bus operators, coach operators and other operational issues facing the industry;
- The Department should arrange an intensive engagement with the SMME bus operators on the implementation of the regulated competition policy and contracting of bus services in general. This engagement could be conducted in the form of workshops;
- The Department will share with the industry the Turnaround Plan which is being compiled by the Department.

At the SABOA conference in March 2016 the Department announced that the Turnaround Plan is being finalized for consultation. Internal and external role players will be consulted for inputs prior to the final approval and implementation of the plan. Funding will then be sourced for implementation.

The following areas are being covered in the Turnaround Plan:

- Subsidised scholar transport and community services in rural areas should be addressed;

- Public transport needs to be designed and managed as an integrated network (bus, rail and taxi), not as isolated modes of transport which is currently the case in South Africa. Such integration will make it easier to align funding;
- In light of lessons learnt in the past 7 years, IPTN components should be scaled down as a result of their high costs and consideration should be given to providing quality integrated public transport;
- It is necessary to adopt a different strategy in order to determine appropriate solutions for different public transport challenges in each area;
- Funding for public transport needs to be revived to mitigate fragmentation.

3.2.4 Tourist Transport

In the 2014/15 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. An announcement by the Minister of Transport was expected in June 2015. This did however not materialize.

SABOA invited the Department of Transport to provide the industry with feedback on the operational readiness of the NPTR at the 2016 SABOA conference but the Department declined the invitation.

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.

On 30 October 2015 SABOA met with the Minister of Tourism, Mr Hanekom, regarding the following matters:

- Reduction in the number of tourists visiting South Africa
- Marketing of South Africa as a tourist destination
- Revised visa requirements and the impact thereof on the coach industry

- Lack of progress on implementation of the National Public Transport Regulator
- Delays in obtaining permits/operating licenses from Provincial Regulatory Entities and the impact thereof on coach operators
- Taxi intimidation and violence

The Minister of Tourism undertook to liaise with the Minister of Transport regarding the above issues. SABOA is awaiting a response from the Minister of Tourism.

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:

21 May 2015	Mercedes-Benz
16 July 2015	MAN Truck & Bus
19 November 2015	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:

- Road Transport Management System
- Euro iv, v & vi engines
- CNG fuelled buses
- Road Traffic Regulation amendments
- Vehicle license fees
- Separate roadworthy disc
- Various prominent speakers on topical issues

3.3.2 OPERATIONS SUBCOMMITTEE

3.3.2.1 Operations Subcommittee Meetings

In the 2015/16 financial year the SABOA Operations Subcommittee, under the

Chairmanship of Francois Meyer, held meetings as follows:

11 March 2015: SABOA Offices
13 May 2015: SABOA Offices
15 July 2015: SABOA Offices
09 September 2015: SABOA Offices
11 November 2015: 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:

06 May 2015	Vix-Questek
05 August 2015	Vix-Questek
14 October 2015	Vix-Questek
03 December 2015	Vix-Questek

3.3.3.2 **Issues addressed by COASA:**

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

- Cross-border time tables
- Tourism

- Permits/Operating licenses
- SARPBAC clustering of modes
- Round Table Discussion with DOT
- Taxi intimidation
- Delays at weighbridges
- Meeting with Minister of Tourism
- Lesotho border post issues
- AARTO

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, Golden Arrow Bus Services and Interstate Bus Lines 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 **behaviour** 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 on PrDP medical tests, proposals from various speakers to improve driver behavior, including a presentation from the Automobile Association in the United Kingdom (UK).

A unanimous decision was taken at the workshop to establish a driver training academy for the bus and coach industry in South Africa 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 in South Africa.

The concept was approved by the Executive Committee of SABOA at its meeting in July 2015. The quotation consists of three phases of which Phase 1 is a research project to, inter alia, determine the business model for the academy, training requirements, involvement of existing TETA accredited training service providers etc. A Steering Committee which consists of all relevant stakeholders will be

appointed to guide the research team. SABOA is currently searching for funding for Phase 1 and has approached TETA in this regard. A reply is expected from TETA in due course. SABOA has also identified other potential donors and will be approaching them in the event that our application with TETA is not successful

3.6. REVIEW OF THE WHITE PAPER ON NATIONAL TRANSPORT POLICY

On 17 and 18 March 2016 the second consultative workshop on the review of the White Paper on National Transport Policy was hosted by the National Department of Transport. The purpose of the review process was to look at current transport sector policies, strategies, plans, frameworks and legislation as to understand the vision and objectives for South Africa's transport sector and the issues, gaps and challenges in the transport sector.

In terms of the overall vision for transport in South Africa, there has not been any major shift since the White Paper in 1996. A number of challenges face the transport sector of which the following have the greatest impact on South Africa's residents, enterprises and the broader economy:

- Fragmentation in government planning, implementation and funding of public transport.
- Ineffective measures to improve transport safety, in particular road transport.
- Persistent under-performance in passenger and freight rail transport.
- Slow progress in serving marginalised rural populations.
- Poor implementation of existing policy.

The review process is scheduled to be completed in March 2017 where after it will go through the parliamentary process and all interested parties will have the opportunity to comment on the recommendations.

SABOA has been attending the workshops will continue to do so and to comment on the issues raised at these workshops.

3.7 TAXI INTIMIDATION

In view of the ongoing intimidation by taxi operators on bus operators and in view of the fact that the channels that SABOA has been following to address these incidents have not had the desired effect, SABOA requested the Minister of Transport in December 2015 to appeal to the taxi industry to refrain from intimidating bus operators. The Minister reported that she had a discussion with the leadership of SANTACO and that they committed SANTACO to a non-violence stance in interacting with other public transport stakeholders.

There has, however, been no improvement and SABOA has now requested the Minister to arrange a meeting between SANTACO, NTA and SABOA, chaired by the Minister, to address this matter. A reply from the Minister is being awaited.

3.8 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.

On 15 June 2015, a delegation of the Empowerment Committee met with officials of the Department of Small Business Development. They acknowledged the need for empowerment of small bus operators in the bus industry and indicated that the matter will be escalated to the office of the Director-General. A follow-up meeting will be arranged with the Empowerment Committee but to date it has not materialized. The Empowerment Committee has again approached the Minister of Small Business Development and a reply is being awaited.

In January 2016, the Empowerment Committee submitted a report of its activities to the National Council of SABOA and requested that SABOA should recommend to government that 15% of all commuter contracts should be awarded to SMME bus operators. This proposal of the Empowerment Committee was approved by the National Council and letters to this effect were sent to the National Department of Transport as well as to all the MEC's for Transport in the provinces. This letter will be followed up by the Empowerment Committee with visits to the MEC's.

SABOA subscribes to Tender News and throughout the year, as and when tender opportunities became known to SABOA, members were made aware of these opportunities. We would like to invite members to inform SABOA when they have been successful in obtaining tenders through this process as it is important to gage the success rate of this system.

Members are also 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.

3.9 TRAINING

3.9.1 SABOA SKILLS PROGRAMMES FOR SMME'S

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

- 3.9.1.1 Advanced scheduling (skills programme)
- 3.9.1.2 RPL National Certificate: Professional Driving
(learnership)
- 3.9.1.3 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.

3.9.2 Road Passenger Transport Management Programme

In a joint venture between the University of Johannesburg and SABOA, 330 learners were trained on this programme during 2015. On behalf of SABOA we wish to express our appreciation to the University of Johannesburg for their support in this regard.

3.10 GAUTENG FREEWAY IMPROVEMENT SCHEME

During the year under review SABOA assisted its members, especially members operating coach services, to address the following difficulties with SANRAL:

- Incorrect classification of vehicles at certain gantries
- Different classifications of the same vehicle by different gantries
- Account / statement problems

3.11 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 many 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 however 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, where justified, 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 private cars and public transport.

The Cities of Johannesburg, Cape Town, Tshwane and George have made the most progress with the implementation of its BRT systems and some of them have introduced various phases over the past few years.

SMME bus operators are however excluded from participating in these systems as they are not regarded as "affected operators." It is SABOA's view that their exclusion is the result of a narrow interpretation of section 41 of the National Land Transport Act (NLTA) by the Cities. The narrow interpretation relates to the fact that Cities only consider operators who operate on the routes intended for BRT services whilst section 41 of the NLTA refers to operators operating in the area under the jurisdiction of the City. SABOA has submitted a proposal to the National Department of Transport to amend section 41 of the NLTA to ensure that there is no room for misinterpretation.

In a meeting with the National Department of Transport on 08 December 2015 to discuss SABOA's proposal, there was consensus that SMME bus operators should not be excluded from being part of BRT systems. The National Department of Transport, together with SABOA, will develop a strategy to engage provincial and local governments to change their policies of excluding SMME bus operators in future BRT developments.

3.12 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 2015 are as follows:

- 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.
- The non-issuing of permits to Lesotho due to taxi intimidation. In spite of court orders that were issued to prevent taxi operators from intimidating bus operators, the matter remains unresolved. This together with the fact that the Free State government does not recognise cross-border permits resulted in the non-issuing of permits to Lesotho.

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

3.13 SABOA SHORT-TERM INSURANCE SCHEME

The Scheme that was awarded to Ibiliti Underwriting Managers on 01December 2014 for a period of 5 years is a unique Scheme in that it consists of very competitive insurance rates. A further element that has been added is a product that is offered and managed by Stemulite S A which 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 and Coach Solution.

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

The Scheme is however not limited to SMME members. It provides cover for large operators as well and can structure the package to suit the needs of large operators.

SABOA would like to invite its members who are not on the Scheme to request a free no-obligation quote from Ibiliti.

3.14 SABOA BUS INDABAS

In order to promote the Kuphelele Bus and Coach Solution product and to inform members of the developments in the bus industry, Bus Indabas were held in 2015 as follows:

- Johannesburg: 17 June 2015
- Polokwane: 08 July 2015
- Klerksdorp: 12 August 2015
- Nelspruit: 28 August 2015
- Cape Town: 14 September 2015
- Bloemfontein: 01 October 2015
- Butterworth: 21 October 2015
- Durban: 25 October 2015

All the bus indabas were well attended and it will be repeated in 2016.

3.15 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 2014, the SABOA BEE Sub-committee met with the Department of Transport on a number of occasions in 2015 to discuss the proposed amendments.

Agreement was reached on all the elements except procurement. In spite of a joint meeting with the Department of Transport and the Department of Trade and Industry the matter remains unresolved. A request to meet with the Department of Energy in an attempt to find a solution to the problem was agreed to by the Departments of Transport and of Trade and Industry but never materialised.

The draft Bus Sector Charter was published in the government gazette for comments and these comments need to be submitted to the Department of Trade and Industry by 28 June 2016. The SABOA BEE Sub-committee is currently commenting on the draft Bus Sector Charter and its comments will be forwarded to the Department of Trade and Industry in due course.

I would like to express my sincere appreciation to the members of the Subcommittee for their assistance and support during the interaction with the two departments as well as for their input into the draft Bus Sector Charter.

3.16 WAGE NEGOTIATIONS

In 2015 the parties in SARPBAC could not reach agreement and a settlement outlined below was only reached through mediation:

- 9% increase for the period 01 July 2015-30 June 2016
- 4% increase for the period 01 July 2016-31 December 2016
- 4% increase for the period 01 January 2017-31 March 2017

SABOA would like to congratulate SABEA and COBEO for reaching a settlement under difficult circumstances.

3.17 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 2016 strategic planning workshop which was held on 26 and 27 January 2016 the following focus areas were identified:

- Focus area 1: Policy
- Focus area 2: Empowerment
- Focus area 3: Road safety

The National Executive Committee of SABOA at its meeting of 31 March 2016 resolved that, in order to obtain greater participation from its membership, provincial strategic planning workshops be held in 2016 where after the National Council of SABOA will with the assistance of an independent facilitator workshop the issues raised at the provincial strategic planning workshops to identify focus area for the Association. These workshops will be held jointly with the Bus Indabas.

3.18 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 employes are required) to be able to register an employers' organisation. This matter was again raised at the 2015 Bus Indabas. SABOA is currently verifying the survey results to determine whether there is the required support for the establishment of an employers' organisation.

3.19 CONFERENCE AND EXHIBITION / GALA DINNER

A two-day conference which consisted of a plenary session and parallel sessions was held on 07 and 08 March 2015 at the CSIR conference centre in Pretoria. The conference was combined with an exhibition of products and services by 32 of SABOA's Associate members.

The conference was attended by 465 delegates whilst 52 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 for many years. We also wish to thank our Principal members for attending the event in large numbers.

3.20 SABOA INITIATIVES

In order to enhance the image and effectiveness of SABOA, the National Council resolved as follows:

- To work towards the establishing of Branch offices in the provinces. To this end, I am pleased to announce that the first Branch office was opened in Cape Town in 2015. SABOA will be following a phase-in process in this regard. At least one more Branch office will be established in the course of 2016.
- To purchase office space for SABOA when its current lease expires in 2021.

3.21 RESEARCH

SABOA assisted the University of Johannesburg and the Department of Transport in conducting research among SMME bus operators. The research team was headed

by Prof Walters of the University of Johannesburg. The purpose of the survey was to better understand the challenges that SMME's experience in the public transport industry. The survey was conducted by telephone in April 2015 among 1 255 operators of which 263 responses could be used.

Results of the survey indicate that the mean annual turnover of a typical SBO is R 2 572 139 and the mean employment number 9.99. The mean number of buses operated is 6.55 per operator with a mean age of 14.75 years. Sole ownership is the most common category of business form and represents 74% of all business forms reported in the survey.

The typical SBO had 1.7 contracts - most services are rendered on contract – 87,5% of respondents. These contracts were mostly school bus contracts. It was interesting to find that 22% of the SBOs surveyed had sub-contracts with larger bus companies pointing to a form of collaboration with larger operators. However, larger operators were singled out for the lack of assistance by 85,4% of respondents and for not sharing their businesses with SBOs (86,2%).

The most prominent challenges that operators experience appear to relate to government. The lack of government assistance for SBOs (88% of respondents), complex governmental legal requirements (85.1%) and reporting requirements for SBOs (82.7%) are cited as factors having a major impact on their businesses. The lack of on-time payment for services rendered (57.7%) were cited as having a major impact on their businesses. These operators also had major problems in replacing their buses (86.9%) which is likely to be linked to the difficulty in attracting funding for their businesses (73.3%). The lack of financially sustainable school bus contracts were cited by 82,2% of respondents which, in turn, is probably linked to the trouble SBOs have in growing their businesses- cited by 73,5% of the respondents.

Respondents indicated that they had monthly financial statements (79,1%) and had audited financial statements for the last three financial years (82,2%).

Most operators surveyed would like to expand their businesses into commuter contracts with government, followed by a wish to participate in the BRTs that are currently being established throughout SA in the main centres.

Recommendations following the results of the survey are that Government should market and promote its numerous initiatives directed at SBOs. Government also ought to consider forming a task team to simplify contractual requirements for subsidised services that are aimed at attracting SBOs. Government also ought to consider creating "space" for SBOs in the design of commuter contracts and actively consider establishing consortia or partnerships amongst SBOs to assist SBOs in the contracting environment.

In order to encourage larger operators to involve smaller operators in their operations/contracts, incentives ought to be considered to encourage this development.

The lack of financial viability of school bus contracts ought to be investigated and the impact determined on service delivery and quality of services. As this form of contracting is the dominant type of business for SBOs at this point in time this matter should receive urgent attention.

3.22 COMMENTS ON POLICY/LEGISLATION/SABS REPORTS

- Various SABS Reports
- Amendments to the Road Traffic Regulations
- Various C-BRTA Documents
- Draft National Scholar Transport Policy Document
- Draft Carbon Tax Policy Document
- Draft Bus Sector Charter

3.23 LIAISON WITH STAKEHOLDERS

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

- Minister of Transport
- Minister of Finance
- Minister of Tourism
- 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

3.24 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

3.25 SABOA SERVICES/BENEFITS

Advice was given to a number of SABOA Members in 2015/16 on matters such as:

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

3.26 SECRETARIAL SERVICES

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

3.27 NEW MEMBERS

During the 2015/16 financial year, SABOA approved 37 applications for Principal membership and 8 applications for Associate membership. Unfortunately, in the course of the year, 105 members' membership lapsed due to non-payment of membership fees. The current membership profile of SABOA is as follows:

- | | | |
|-----------------------|---|-----|
| • Principal members | : | 920 |
| • Associate members : | : | 60 |

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.

The SABOA monthly newsletter, FaxTalk has been revamped and renamed to SABOA Talk. It is also designed and printed by Titan Publications. We wish to thank Titan Publications for their loyal support.

5. REPORT FROM THE AUDITOR TO THE MEMBERS OF SABOA

The audited financial statement for the 2015/16 financial year was approved by the National 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.

I Thank You

J Walters
26 May 2016