

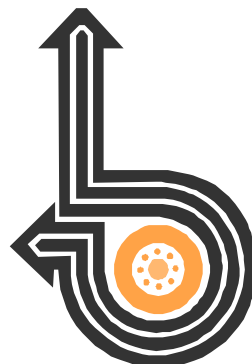
**SOUTHERN AFRICAN  
BUS OPERATORS ASSOCIATION**

**2017/2018**

**ANNUAL REPORT  
OF THE COUNCIL**

Presented By

**Prof J Walters**



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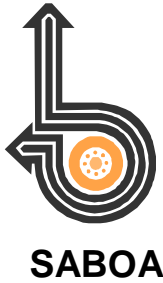
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# Southern African Bus Operators Association

## VISION

SABOA is the credible voice of an inclusive, efficient, sustainable and transforming bus industry.

### 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.

## **MISSION**

To play a pivotal role in representing the interests of its members in building a sustainable integrated transport system through safe, reliable and affordable bus and coach services valued by our stakeholders.

## **VALUES (INTERNAL)**

- Respect
- Fairness
- Honesty
- Service
- Quality
- Empathy
- Patience
- Consistency

## **BRAND VALUES (EXTERNAL)**

- Informed
- Committed
- Driven

## **ANNUAL REPORT: 2017/2018**

### **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 Mokonyama, and the officials of the Department of Transport, especially Mr Lesiba Manamela for their efforts in developing a Turnaround Plan for Public Transport.

The Association would also like to express its appreciation to all provincial MEC's for Transport 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 Suveer Maharaj as well as the Chairpersons of the SABOA Provincial Branches for 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. They also provide a great deal of expertise to the Association through their participation in the SABOA Council, Technical Committee, meetings and workshops.

During the 2017/2018 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 2017-2021.

### **2.1 Council Members**

#### **2.1.1 Elected Members**

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

Messrs	S Maharaj	Maphumulo Mail Service (Vice-President)
	M D Sambo	Sambo Express
	J Vanqa	Vaal Maseru Bus Service
	J Mayegiso	Mayegiso Bus Service
	R S Nche	City Road Trans Service
	N Dollie	Overland Tours
	T Lebitsa	Hlakanang Bus Company
	C Bailey	Bailey's Bus Service
	D I Ngcobo	Ngotshana Transport
Ms	I Mncwango	Gauteng Women in Transport

- **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
D Masango	Themba lethu Bus Service
D Gwabeni	Mayebuye Transport Corporation
C Ramathe	Maluti Transport
E Motshwane	Piotrans
Vacant	North West

- **Associate Members**

Mr R Karshagen	Iveco
Ms K Bell	Standard Bank Vehicle Asset & Finance

## 2.2 **Executive Committee Members**

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

## 2.3 **Council/Exco/General Meetings**

The following meetings were held in 2017/2018:

26 January 2017	:	Special Exco meeting
26 January 2017	:	Exco/Council meeting
30 March 2017	:	Exco meeting
24 May 2017	:	Exco/Council meeting/AGM
27 July 2017	:	Exco meeting
28 September 2017	:	Exco/Council meeting
16 November 2017	:	Exco meeting
25 January 2018	:	Exco/Council meeting

## 3. **SPECIFIC ISSUES DEALT WITH DURING 2017/2018**

### 3.1 **POLICY ISSUES**

#### 3.1.1 **Review of the White Paper on National Transport Policy**

In announcing the review of the White Paper on National Transport Policy of 1996, the Department of Transport stated in its official announcement of the review process that

“nearly two decades have passed since the adoption of the White Paper and during this time transport policies and practices across the globe have evolved, some of which found its way into South Africa’s transport strategies, policies and planning frameworks. The nature, experience and demands of the transport sector in South Africa have also changed. For these reasons, the Department of Transport would like to take stock of transport policy across the public sector; how the sector is currently organized and the key transport trends that have emerged, and update the White Paper as necessary. It is against this contextual background that the Department of Transport commissioned a review of the White Paper.”

In a consultative workshop on the review of the White Paper which was hosted by the Department of Transport on 17 and 18 March 2016 it was evident that 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.

As part of the review process, the Department of Transport arranged public consultation workshops in all provinces in March and April 2018 to provide all interested parties the opportunity to comment on the draft White Paper. SABOA attended the workshop in Gauteng and also submitted written comments to the Department of Transport.

In its comments, SABOA highlighted, inter alia, the following areas:

- The draft White Paper does not provide a visionary view to develop the transport sector over the next 20 years;
- It does not take account of the pace of urbanization in Africa and how to address mobility in increasingly urbanized communities;
- The draft White Paper is silent on how government intends optimizing and prioritizing the future provision of public transport;
- The draft White Paper is silent on road safety;
- The draft White Paper is silent on the importance of tourism and tourist transport and how it will be encouraged to grow and expand over the next 20 years;
- Although the empowerment of disadvantaged operators is a strategic objective in the draft White Paper, a policy statement to this effect needs to be included.

A copy of SABOA’s comments on the draft White Paper is available from the SABOA offices.



## 3.2 **PUBLIC TRANSPORT**

### 3.2.1 **Turnaround Plan for Public Transport**

At the SABOA conference in March 2016 the Department of Transport announced that the Turnaround Plan for Public Transport is being compiled and that 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.

A draft of the Turnaround Plan was made available to SABOA and an internal workshop was held on 19 January 2017 to prepare comments for submission to the Department of Transport. SABOA met with the Department of Transport on 09 February 2017 to discuss its comments and to submit a written copy thereof to the Department of Transport.

During 2017 the Department of Transport followed an internal and interdepartmental process to finalize the Turnaround Plan. In this process, discussions were held with provincial departments of transport and National Treasury as well as with stakeholders such as SANTACO.

An update on progress made was provided by the Department of Transport in the plenary session earlier today.

### 3.2.2 **Subsidised Scholar Transport in North West**

A tender for the rendering of scholar transport services in four regions in the North West Province was advertised late in 2016.

Many members of SABOA in the North West Province expressed their concern at irregularities that had taken place in the tender and adjudication process. Allegations were made that contracts had been awarded to people who did not tender, contracts

had been awarded to people without buses, some service providers had been awarded contracts in other regions etc.

SABOA had a number of meetings with its members in the North West Province to obtain accurate information about the alleged irregularities. Members were however extremely reluctant to provide any information, even on an anonymous basis.

Without any reliable information it was very difficult to make progress on the matter. SABOA nevertheless reported the matter to the North West Provincial Legislature. Whilst being busy with this process, it became known that a group of operators were busy with a legal process to address the irregularities. This process is still ongoing.

### **3.2.3 Subsidised Scholar Transport in Mpumalanga**

SMME service providers in the Gert Sibande District Municipality are unhappy with the contract model that was introduced by the Department of Public Works, Roads and Transport in this region as their status changed from main contractors to subcontractors. They regard the change in their status as disempowerment.

In June 2017 the Mpumalanga Department of Public Works, Roads and Transport put the scholar transport services in the Nelspruit and Nkangala areas out to tender. This tender was similar to the model in the Gert Sibande District Municipality. SMME service providers were extremely upset about this development and after involving the Mpumalanga Provincial Legislature in the matter, the tender was withdrawn.

New tenders were again advertised in March 2018 and after further discussions with the Department and the Legislature the matter was amicably resolved.

### **3.2.4 Tourist Transport**

Through the efforts of SABOA and SATSA (South Africa Tourism Services Association), a new dispensation for tourist transport services was included in the National Land Transport Act which is based on an accreditation system. This accreditation system is managed by the National Public Transport Regulator (NPTR).

On 01 July 2016 the Minister of Transport gave notice in the government gazette that the NPTR would be operational with effect from 29 July 2016 and will undertake the following functions:

- The accreditation of operators of tourist transport services; and
- Receiving and deciding on applications for the granting, renewal, amendment or transfer of operating licenses for tourist transport services.

Applications for interprovincial services for buses and taxis must still be made to the relevant Provincial Regulatory Entities (PRE's) until such time that the Minister of

Transport publishes a notice in the government gazette giving notice that the NPTR will commence undertaking this function.

The introduction of the NPTR has to some extent alleviated some of the difficulties that tourist transport operators experienced at Provincial Regulatory Entities. Operators have however experienced delays in the finalization of their applications albeit to a lesser extent than they experienced at Provincial Regulatory Entities.

In view of the fact that many tourist transport operators are also involved in interprovincial transport, we wish to encourage the Department of Transport to allocate the function of interprovincial transport applications to the NPTR as soon as possible.

### **3.3 SABOA COMMITTEES**

#### **3.3.1 Technical Committee/Operations Committee**

During the past financial year the Technical Committee and Operations Committee held joint meetings as follows:

- 24 May 2017 at the CSIR International Convention Centre;
- 16 August 2017 at the Premier Hotel, Kempton Park.

##### **3.3.1.1 SABOA Technical Committee Issues**

The following are some of the main technical issues that were discussed at the joint Committee meetings:

- Vehicle license fees;
- Permits for bi-articulate buses;
- Separation of vehicle license disc and roadworthiness disc;
- Road Traffic Regulation amendments;
- RTMS/PBS;
- Various speakers on topical issues.

##### **3.3.1.2 SABOA Operations Committee Issues**

- Driver database;
- Driver training academy;
- Pensioners on buses;
- Fare collection system;
- Turnaround strategy for public transport;
- Expiry dates on tickets;
- BRT developments.

At a meeting of the National Council of SABOA held on 28 September 2017 it was resolved to separate the joint meetings of the two committees as their activities were not compatible. Since this decision, an Operations Committee meeting was held on

07 February 2018 and Technical Committee meetings were held on 21 February 2018 and 16 May 2018.

At the Operations Committee meeting of 07 February 2018, the Committee hosted the Department of Transport to discuss the Department's Public Transport Safety Plan.

At the Technical Committee meetings of 21 February 2018 and 16 May 2018 the following aspects were identified to be addressed by the Committee:

- CNG buses;
- Low floor city buses;
- Electric buses;
- Controlled entry through turnstiles and tap-on/tap-off;
- Rear axle weight limits for buses;
- Rollover protection for buses;
- Emission standards;
- Industry terminology guide;
- Bi-articulated vehicle permits;
- SANAS certification processes.

#### 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.

A number of workshops were held in 2017 in various provinces to promote the RTMS system and to elaborate on the benefits for operators who are accredited. A number of RTMS workshops have already taken place in 2018 and this will continue throughout the year.

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**

As was reported in the 2016/17 Annual Report, the National Executive Committee of SABOA resolved to establish a Driver Training Academy for the bus and coach industry in South Africa, based on international standards.

A Steering Committee was established to undertake some of the tasks required for the establishment of the Driver Training Academy. The following objectives have been identified by the Steering Committee:

- To meaningfully contribute to reduce road fatalities
- To make a better trained driver available to the market
- To standardize and achieve an international standard of driver training in the industry
- To make the driver qualification nationally respected amongst all employers
- To establish and maintain a database of qualified / disqualified drivers
- To address gender equity challenges in the industry
- To make high quality driver training available to SMME bus operators
- To set a nationally accepted standard for all driver training
- To accredit existing training academies / centres (not to establish a new national academy)
- To promote continuous training and re-training of drivers

In order to expedite the establishing of the Driver Training Academy, the Executive Committee approved of the following way forward:

- A business plan is to be compiled which will be used to obtain funding for the establishment of the Driver Training Academy;
- A “request for proposals” process will be followed to appoint a knowledgeable person to compile the business plan;
- Once the business plan is available, identified companies will be visited to secure funding for the Driver Training Academy.

A “request for proposals” process was followed but unfortunately mainly due to the fact that the proposals which had been received were not affordable, the Council of SABOA resolved to amend the scope of the terms of reference and to re-issue the “request for proposals.” This process is currently being followed.

### 3.6 **MARKET INQUIRY INTO PUBLIC TRANSPORT BY THE COMPETITION COMMISSION**

The Competition Commission announced an inquiry into public passenger transport in government gazette no 40837 of 10 May 2017. The Terms of Reference for the market inquiry was published in the same government gazette.

The market inquiry commenced on 07 June 2017 and is expected to take two years to complete.

The market inquiry covers the following issues:

- Price setting mechanisms
- Price regulation

- Route allocation, licensing and entry requirements
- Allocation of operational subsidies
- Transport planning
- Transformation in the land-based public transport industry

The Competition Commission also issued a “Call for Submissions” on 13 July 2017. At a meeting of the National Executive Committee of SABOA which was held on 27 July 2017 it was resolved that SABOA should prepare a submission to the Competition Commission. In view of the complex nature of the submission and in order to ensure that SABOA followed the correct approach in compiling the submission, the National Executive Committee further resolved that a law firm that is well-acquainted with the modus operandi of the Competition Commission be appointed to guide SABOA in compiling the submission to the Competition Commission. In order to limit legal costs, the submission will be drafted by SABOA and edited by the appointed law firm. Bowmans Attorneys was appointed for this purpose. SABOA submitted its submission on 22 September 2017.

In April 2018 the Competition Commission issued a further request for submissions to obtain clarity about issues in the first round of submissions. SABOA again submitted a submission and also made a presentation at one of the Competition Commission’s public hearings on 06 June 2018.

### 3.7 **TAXI INTIMIDATION**

In the 2016/17 Annual Report I elaborated extensively on all the steps that SABOA had taken to address taxi intimidation.

In 2017 SABOA continued with its efforts to have the intimidation of bus operators by taxi operators addressed. These efforts included inter alia the following:

- Again raising the matter with one of the previous Minister’s of Transport, Ms Peters;
- In April 2017 Ms Peters was replaced by Mr Maswanganyi and SABOA requested a meeting with Minister Maswanganyi to discuss taxi intimidation and other pertinent issues in the industry;
- A meeting was held with Minister Maswanganyi on 12 December 2017 during which the Minister confirmed that he was prepared to deal with taxi intimidation. Shortly after this meeting Minister Maswanganyi was replaced by Dr Nzimande;
- SABOA requested a meeting with Minister Nzimande and are awaiting a date for the meeting;
- Referring the matter to the Public Protector. The Public Protector declined to investigate the matter as it fell outside the scope of their mandate;
- SABOA brought the taxi intimidation to the attention of the previous State President and his office referred the matter to the Minister of Transport, Mr Maswanganyi;

- SABOA informed all the major political parties of the taxi intimidation and requested their support in having it addressed.

Although the matter has not yet been resolved there is a much greater awareness of the problem in government. SABOA will continue with its efforts to have taxi intimidation addressed by government.

### 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 is made in the SABOA budget to cover the travel and accommodation costs of Empowerment Committee members when they visit provincial governments and established operators in the provinces to promote the empowerment of SMME's or to discuss empowerment initiatives.

In order to enhance the empowerment of SMME's the SABOA Council resolved in September 2017 to:

- Rename the Empowerment Committee the National Empowerment Committee; and
- Appoint Provincial Empowerment Committees with the following terms of reference:
  - To identify, research, and facilitate business opportunities for SMME members in Branches;
  - To provide guidance to members regarding business opportunities;
  - To meet on a regular basis. Preferably Provincial Empowerment Committee meetings must coincide with Branch meetings in order to save costs;
  - To seek guidance, advice and support from the National Empowerment Committee as and when required;
  - Minutes of meetings must be compiled;
  - To report to the National Empowerment Committee on progress made. In this respect, the minutes of Provincial Empowerment Committee meetings must be forwarded to the National Empowerment Committee within two weeks after the meeting to enable the National Empowerment Committee to report to the National Executive Committee and the National Council.

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 National Empowerment Committee, Mr Daniel Sambo, should they wish to discuss empowerment initiatives which could be investigated by the one of the Provincial Empowerment Committees.

### 3.9 **TRAINING**

#### 3.9.1 **SABOA Skills Programmes for SMME'S**

During the past two financial years 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.

In 2018 a skills programme in Transport Management will be presented by LearnCorp. Members who are interested in participating should contact LearnCorp for details.

#### 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 2017. On behalf of SABOA we wish to express our appreciation to the University of Johannesburg for their support in this regard.

### 3.10 **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 route-based services 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.

During meetings between the Department of Transport and SABOA the Department reaffirmed its view that it was unfair to exclude SMME bus operators from participating in BRT developments. The Department also confirmed that it was not required to amend section 41 of the Act as the matter could be addressed by means of a change in policy.

SABOA was requested to provide the Department of Transport with a memorandum on the matter to enable the Department to discuss it with relevant Cities. The memorandum was submitted to the Department and it is currently being discussed with the Cities. Information from the Department indicates that this process should be concluded by the end of July 2018 where after the Department will report back to SABOA on the outcome of the consultation with the Cities.

### 3.11 **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.

SABOA is actively involved in the meetings of the C-BRTA and during 2017 again raised pertinent issues which had been outstanding for some time. These issues relate to the following:

- In discussions with the C-BRTA, SABOA emphasized that in view of the fact that most cross-border routes are long-distance routes, the bus industry should form the backbone of the cross-border industry and not the taxi industry. Taxi-type vehicles 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 Lesotho border issue which involves taxi operators from South Africa and Lesotho and which also affects bus services from the area are being investigated by a ministerial task team. The indication from the C-BRTA is that they are busy compiling a bilateral agreement which will hopefully normalise services to and from Lesotho;
- SABOA commented on the C-BRTA's proposed policy reform document which addressed the possibility of introducing restrictions on the distances that the different modes may travel in order to enhance safety;
- SABOA commented on the C-BRTA's dual permit policy;
- SABOA also commented on the C-BRTA's application for an increase in permit fees.

### 3.12 **SABOA SHORT-TERM INSURANCE SCHEME**

The management of the SABOA Short-term Insurance Scheme was awarded to Ibiliti Underwriting Managers on 01 December 2014 for a period of 5 years. One of the biggest benefits to our SMME members who have 30 or less buses is that if they join the Scheme they get membership of SABOA free of charge.

The Scheme is however not limited to SMME members only. It also provides cover for large operators and packages can be structured to suit the needs of large operators.

SABOA would like to invite its members who are not on the Scheme to consider requesting a free no-obligation quotation from the Scheme as this could be to your benefit.

### 3.13 **SABOA BUS INDABAS/STRATEGIC PLANNING WORKSHOPS**

In order to inform members of the developments in the bus industry and to conduct strategic planning workshops at the provincial level, bus indabas were arranged for this purpose in 2017.

These events were hosted as follows:

- Polokwane: 17 August 2017;
- White River: 29 August 2017;
- Klerksdorp: 07 September 2017;
- Johannesburg: 27 September 2017;
- Bloemfontein: 12 October 2017;
- Mthatha: 26 October 2017;
- Cape Town: 14 November 2017;
- Durban: 28 November 2017

All the Bus Indabas/strategic planning workshops were well attended and it will be repeated on the same basis in the second half of 2018.

At the strategic planning workshop of the National Council which was held on 25-26 January 2018 the following key strategic objectives were areas were identified for the year:

- To grow the voice of SABOA
- To grow SABOA's relevance
- To grow sustainable revenues
- To grow SABOA's membership

SABOA has also appointed a media specialist to develop two to three media articles and social media posts per month to raise SABOA's profile in the media.

### 3.14 **ALIGNMENT OF THE BUS SECTOR CHARTER TO THE AMENDED DTI CODES OF GOOD PRACTICE**

In the 2016/17 Annual Report I reported extensively on the process that SABOA followed to align the Bus Sector Charter to the amended DTI Codes of Good Practice.

Agreement was reached on all the elements except preferential procurement. In spite of a joint meeting with the Department of Transport and the Department of Trade and Industry the matter remains unresolved.

At the BEE Indaba that was held from 10-12 November 2016 a number of amendments to the Bus Sector Charter were announced. SABOA requested a meeting with the Department of Transport to obtain clarity regarding the announced amendments to the Bus Sector Charter. A meeting with the Department was held on 12 June 2017.

At the meeting with the Department further amendments to the draft Charter were announced which had not been discussed with SABOA. This draft Charter was also Different from the version which had been published for comments in the government gazette in April 2017 and in respect of which SABOA submitted comments to the Department of Trade and Industry. An objection in writing was submitted to the Department. Except for an acknowledgement of receipt of the objection there has been no further response from the Department and the draft Bus Sector Charter is still to be finalised.

### 3.15 **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

In the 2017 negotiations it became evident at an early stage that the parties were far apart in their demands and that it would be difficult to reach a settlement without industrial action.

In spite of dispute mediation a settlement could not be reached and a national strike in the bus industry took effect on 12 April 2017. Fortunately a settlement was reached soon after the strike became effective and the parties settled on 9%.

In 2018 a settlement could not be reached between the parties and a national strike took effect on 18 April 2018. A settlement was only reached with effect from 14 May 2018 which is as follows:

- An across-the-board increase of 9% on the base rate of pay is due from the commencement date of 14 May 2018 until 31 March 2019.
- Employees will receive back pay of 9% on the base rate of pay (excluding benefits and allowances) for the period 1 April to 17 April 2018.
- An across-the-board increase of 8% on the base rate of pay as at 31 March 2019 will become due from 1 April 2019 until 31 March 2020.

### 3.16 **CONFERENCE AND EXHIBITION / GALA DINNER**

A two-day conference which consisted of a plenary session and parallel sessions was held on 24 & 25 May 2017 at the CSIR conference centre in Pretoria. The conference was combined with an exhibition of products and services by 20 of SABOA's Associate members.

The conference was attended by 450 delegates whilst all of the 69 exhibition stands inside the venue were occupied by exhibitors. 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.

### 3.17 **MEETING WITH WORLD BANK**

In July 2017, SABOA was approached by a representative of the World Bank for a workshop as they were doing work for National Treasury on the Public Transport Operations Grant (PTOG). The purpose of workshop with the industry was to obtain first-hand knowledge of the current situation of operators participating in PTOG funding, how these operators got to their situation and to identify the risks and opportunities of the future.

The workshop was held on 03 August 2017 during which operators involved in PTOG funding had an opportunity to express their views on the impact of the PTOG funding on their businesses.

### 3.18 **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. In November 2016 a Branch office was also opened in Nelspruit. SABOA will continue with a phase-in process in this regard. At least one more Branch office will be established in the course of 2018;
- To purchase office space for SABOA when its current lease expires in 2021;
- To amend the SABOA constitution to provide for qualifying criteria for membership of SABOA. The criteria are reflected as Bye-Law no 4 in the constitution.

SABOA also approached SANSBOC to discuss closer co-operation between the two associations. A meeting was held on 22 November 2017 between the two associations during which various issues were discussed, especially the participation of SMME's in the bus commuter contract system.

SABOA proposed a number of options for closer co-operation which are under consideration by SANSBOC.

SANSBOC has also requested proposals from SABOA on the involvement of SMME bus operators in the contract system.

A follow-up meeting will be held in due course to further discuss the issues which have been identified by the two associations.

### 3.19 **RESEARCH**

In 2017 SABOA conducted research among 15 contracted bus operators representing 4 950 buses about their views on contract risks, based on their experience of such contracts over many years of public transport contracting.

Various potential risk elements were therefore identified and grouped under mainly production cost risks and revenue risks for both net and gross-cost contracts and respondents requested to rate the risks and their impact on contract pricing. It was established that the respondents viewed (in essence) the production cost risks as being the same between NCCs and GCCs as in both types of contracts the production cost risks reside with the operator, but in the case of revenue risks statistically significant different mean ratings were recorded, based mainly on the different revenue risk characteristics of NCCs and GCCs. It is important that authorities pay attention to these revenue risk views that pertain to NCCs as any uncertainty about aspects such as passenger volumes that are lower than expected, an underestimation of contract revenues, difficulty in getting government to agree to annual passenger fare increases and inadequate escalation formulae (also for GCCs) could result in risk premiums being built into NCCs.

It was also found that operators would like to be involved, in one way or another, in the design characteristics of public transport contracts and that this involvement could have potential positive impacts on contract pricing. More than half of respondents highlighted areas such as that the authority and the operator negotiate routes, frequencies and headways, that the operator be allowed to suggest amendments to authority-specified designs after contract commencement, that the operator be allowed to specify routes, frequencies and headways for the consideration of the authority and that the operator be allowed the option to group various contracts into one or more larger contracts to benefit from operational scale and scope economies, thus reducing the overall contract cost.

Cost formula characteristics are important. It was found that fuel, labour and bus maintenance costs are considered major risk factors that could impact contract risk premiums. It is important that the weighting of these elements in the cost escalation formula is also accurate and fair in terms of the indexes used to calculate movements. Over longer-term contracts these elements could become unbearable risks for operators if not dealt with in a fair and just manner. This is also one area that came out very strongly under the risk mitigation actions vs. the authority's willingness to review the contract cost escalation formula during the contract operational period and that the escalation formula ought to be accurate and fair.

Risk can, however, also be shared between contracting parties. Most operators were however of the view that cost elements such as especially labour costs, fuel costs and the cost impact of exchange rate fluctuations should be carried by the authority.

Lastly, the duration of a contract and the potential benefit on contract pricing was discussed. It was shown that the majority of operators preferred 12-year contracts and believed that such contract would result in a major cost advantage for the authority.

### 3.20 **COMMENTS ON POLICY/LEGISLATION/SABS REPORTS**

- Various SABS Reports;
- Amendments to the Road Traffic Regulations;
- Various C-BRTA Documents;
- AARTO Amendment Bill;
- Draft Carbon Tax Policy Document;
- Draft Bus Sector Charter;
- Draft Dual Policy Document of the C-BRTA;
- White Paper on National Transport Policy.

### 3.21 **LIAISON WITH STAKEHOLDERS**

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

- Minister of Transport;
- Minister of Police;
- Various MEC's for Transport;
- National Department of Transport;
- National Department of Tourism;
- Various Provincial Departments of Transport;
- Various Provincial Departments of Education;
- Parliamentary Portfolio Committee on Transport;
- Gauteng Portfolio Committee on Transport;
- Gauteng Portfolio Committee on Education;
- Northwest Provincial Regulatory Entity;
- Gauteng Provincial Regulatory Entity;
- Western Cape Provincial Regulatory Entity;
- Mpumalanga Regulatory Entity;
- Independent Police Investigative Directorate;
- Public Protector;
- Limpopo Portfolio Committee on Transport;
- Road Traffic Management Corporation;
- Tourism Business Council of South Africa;
- SARPBAC.

### 3.22 **EXTERNAL COMMITTEES / MEETINGS**

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

- White paper consultative forum;
- Ekurhuleni Transport Committee;
- City of Tshwane's TRT Committee;
- City of Tshwane Intermodal Committee;
- City of Johannesburg's BRT Committee;
- City of Nelspruit BRT Committee;
- COJ Passenger Forum;
- SANRAL;
- C-BRTA Passenger Forum meetings;
- DOT BEE Alignment Committee;
- National Tourism Stakeholder Forum;
- National Treasury's Carbon Tax Committee;
- Department of Transport's Turnaround Plan for Public Transport.

### 3.23 **SABOA SERVICES/BENEFITS**

Information was given to a number of SABOA Members in 2017/18 on matters such as:

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

### 3.24 **NEW MEMBERS**

During the 2017/18 financial year, SABOA approved 103 applications for Principal membership and 9 applications for Associate membership. The current membership profile of SABOA is as follows:

- |                     |   |     |
|---------------------|---|-----|
| • Principal members | : | 932 |
| • Associate members | : | 55  |

## 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, SABOA Talk, is also 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 2017/18 financial year was approved by the National Council at its meeting on 31 May 2018 and is available to members for inspection at the offices of SABOA.

## **6. PERSONNEL**

I would like to thank each and every staff member of SABOA 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**  
**18 July 2018**