



SECTION 197

THE “DEVIL” IS IN DETAIL

DON'T BELIEVE WHAT THEY SAY

AN OPINION IS JUST AN OPINION

THE STAR WORKPLACE

MONDAY DECEMBER 12TH. 2011

- ❖ **TRANSFERRED WORKERS ARE STILL PROTECTED**
- ❖ **THE LAW HAS BEEN AMENDED TO INCLUDE THE TAKING OVER OF SERVICES**
- ❖ **HOWEVER, THE STATUTES ARE NOT CLEAR ENOUGH WHETHER THE NEW ENTITY MUST OR MUST NOT COMPLY WITH SECTION 197**

IS INDUSTRY SAFE ? AND WHO MUST PAY THE BILL

- ❖ THE ONLY GUARANTEE OF SAFETY IS AFTER THE FOLLOWING HAS TAKEN PLACE:
- ❖ THE LABOUR COURT OF APPEAL
- ❖ CONSTITUTIONAL COURT
- ❖ REMEMBER AN EXPERT OPINION IS STILL JUST AN OPINION.

WHAT IS A GOING CONCERN

OPINIONS AND A WISH LIST

- ❖ LABOUR: EVERYTHING IS A GOING CONCERN
- ❖ GOVERNMENT: YOU WILL BE FORCED TO TAKE OVER ALL THE EMPLOYEES AT THEIR CURRENT RATES AND BENEFITS, ACCORDING TO A PROFESIONAL OPINION.
- ❖ INDUSTRY: SHOW US WHERE THE MONEY IS AND WE ARE HAPPY TO OBLIGE.

IN THE BEGINNING

- ❖ 1995 RICHARDS BAY 550 WORKERS LOST THE RIGHT TO YEARS SERVICE.
- ❖ 1999 GAUTENG NEW TENDER'S ALL WORKERS LOST SERVICE RECORD AND REDUCED PAY.
- ❖ 2000 RICHARDS BAY 70 WORKERS RETRENCHED OUTSOURCING POLICIES
- ❖ 2001 KZT SOLD TO CONSORTIUM, SOME R5m PROVISIONS FOR RETRENCHMENT LOST IN TRANSIT, TAKEN TO APPELET COURT TO DETERMINE WHO WILL CARRY THE CAN. R4m LEGAL COSTS
- ❖ 2003 DURBAN 1000 WORKERS LOST SERVICE RECORD
- ❖ 2004 RUSTENBERG 550 WORKERS SECURED R8m RETRENCHMENT PROVISION AND 15% STAKEHOLD "FOR FREE" IN OPERATION. 2007 SOLD SHARES FOR R7.6m (wanted cash not shares)
- ❖ 2009 DURBAN 1200 WORKERS CONTRACTS TERMINATED, NO RETRENCHMENT PAID. 650 WORKERS EMPLOYED ON SAME RATE OF PAY AS "NEW EMPLOYEES" SERVICE RECORD/ BENIFITS LOST. ALL LEGAL CHANNELS EXHAUSTED. PROVINCIAL AND LOCAL AUTHORITIES REFUSE TO ACCEPT RESPONSIBILITY AND EXPECT SUBSTITUTE OPERATOR TO ACCEPT RESPONSIBILITY FOR THE LAST 8yrs +- R15m.

THE WAY FORWARD

- ❖ LABOUR CURRENTLY REPRESENTS ABOUT 24% OF COSTS IN PUBLIC TRANSPORT, A SIGNIFICANT FIGURE.
- ❖ EVERYONE INCLUDING PENSIONERS RELY ON THIS LABOUR FORCE TO GET THEM TO
- ❖ SCHOOL, WORK, HOSPITAL, PENSION PAYOUT POINTS IN A SAFE RELIABLE AND AFFORDABLE MANNER.
- ❖ VERY FEW OF THEM HAVE AN EMPLOYMENT RECORD SPANNING MORE THAN 10yrs.
- ❖ MAKES YOU THINK, IS LABOUR PROTECTED.

THE NEW MIX OF EMPLOYEES

WHO WILL AGREE TO MOVE

MAIN OPERATOR
70%

SMME SET ASIDE 10%

TAXI GROUPING 20%

SECTION 197

- ❖ WHAT WILL NOW HAPPEN TO SURPLUS STAFF ?
- ❖ TAXI OPERATORS WHO SURRENDER TAXI'S TO BE PART OF THE NEW SYSTEM – THEIR DRIVERS?
- ❖ SMME BUS OPERATORS ALL THEIR STAFF ?
- ❖ THE NEW MIX OF BENEFITS AND SERVICE RECORDS.
- ❖ WHO WILL PROVIDE FOR ALL THESE ACCUMULATED BENEFITS.

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- ❖ CONTRACTING AUTHORITY OWNS THE FAREBOX
- ❖ CONTRACTING AUTHORITY OWNS THE ASSETS
- ❖ CONTRACTING AUTHORITY CAPS THE SUBSIDY
- ❖ CONTRACTING AUTHORITY DECIDES THE FARES
- ❖ CONTRACTING AUTHORITY OUTSOURCES EMPLOYMENT ?????????? (SECTION 197 ?)
- ❖ OUTSOURCED MANAGEMENT (MANAGEMENT CONTRACT)
- ❖ OPERATOR MUST TAKE THE RISK (WAGES/FUEL etc.)

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- ❖ OPERATOR OWNS THE FAREBOX
- ❖ OPERATOR OWNS THE ASSETS
- ❖ OPERATOR TAKES ALL THE RISKS
- ❖ OPERATOR EMPLOYES ALL THE STAFF (SECTION 197 ?)
- ❖ CONTRACTING AUTHORITY CAPS THE SUBSIDY ?
- ❖ CONTRACTING AUTHORITY DECIDES THE FARES ?

NO PLACE FOR DORA/FARE RESTRICTION HERE
YOU GET WHAT YOU PAY FOR

A 7 YEAR BUDGET

ANNUAL INCREASE

- ❖ DORA 5 – 6 % (50% to 60% of revenue)
- ❖ CASH/MJT 7 – 10 % (40% to 50% of revenue)
- ❖ WAGES 7 – 10 % (24% to 28% of cost)
- ❖ FUEL 25 – 32% (26% to 32% of cost)

In year 2 a 7% shortfall, year 4 a shortfall of 12% and year 7 a 31% shortfall.

“LETS KILL THE BUSINESS”

BASIC REVENUE/COST PROJECTIONS

	Bases Year	Y2	Y3	Y4	Y5	Y6	Y7	New Income & Cost ratios
Subsidy	52%	55%	57%	60%	63%	66%	70%	49%
Cash / MUT	48%	51%	55%	59%	63%	67%	72%	51%
Total	100%	106%	112%	119%	126%	134%	142%	100%
Increase pa on Rev	0%	6%	6%	7%	7%	8%	8%	
Wages	24%	26%	27%	29%	31%	34%	36%	15%
Fuel	26%	34%	45%	60%	79%	104%	138%	57%
Other Cost (inflation @ 5%)	50%	53%	55%	58%	61%	64%	67%	28%
	100%	113%	128%	147%	171%	202%	241%	100%
Increase pa	0%	13%	15%	19%	24%	31%	39%	
Over/(under) recovery	0%	-7%	-9%	-12%	-17%	-23%	-31%	

BAD DORA

FOUND AT
LAST



HEALTH

EDUCATION

HOUSING



TRANSPORT

GOOD DORA

HERE IS YOUR
MONEY
BACK, NO
CAP, IN
HAND
REQUIRED



EXEL 2020

Here's a little mathematical formula that might help you answer these questions:

If: A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Are represented as:

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26.

Then: H-A-R-D-W-O-R-K

$$8+1+18+4+23+15+18+11 = \underline{98\%}$$

And: K-N-O-W-L-E-D-G-E

$$11+14+15+23+12+5+4+7+5 = \underline{96\%}$$

But: A-T-T-I-T-U-D-E

$$1+20+20+9+20+21+4+5 = \underline{100\%}$$

And: B-U-L-L-S-H-I-T

$$2+21+12+12+19+8+9+20 = \underline{103\%}$$

AND: A-S-S-K-I-S-S-I-N-G

$$1+19+19+11+9+19+19+9+14+7 = \underline{118\%}$$

ELECTRIC TAXI IN ITALY 18 SEATER



THANK YOU