

# The role of Small Bus Operators in the new public transport system

**SABOA Conference  
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**transport**

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Transport  
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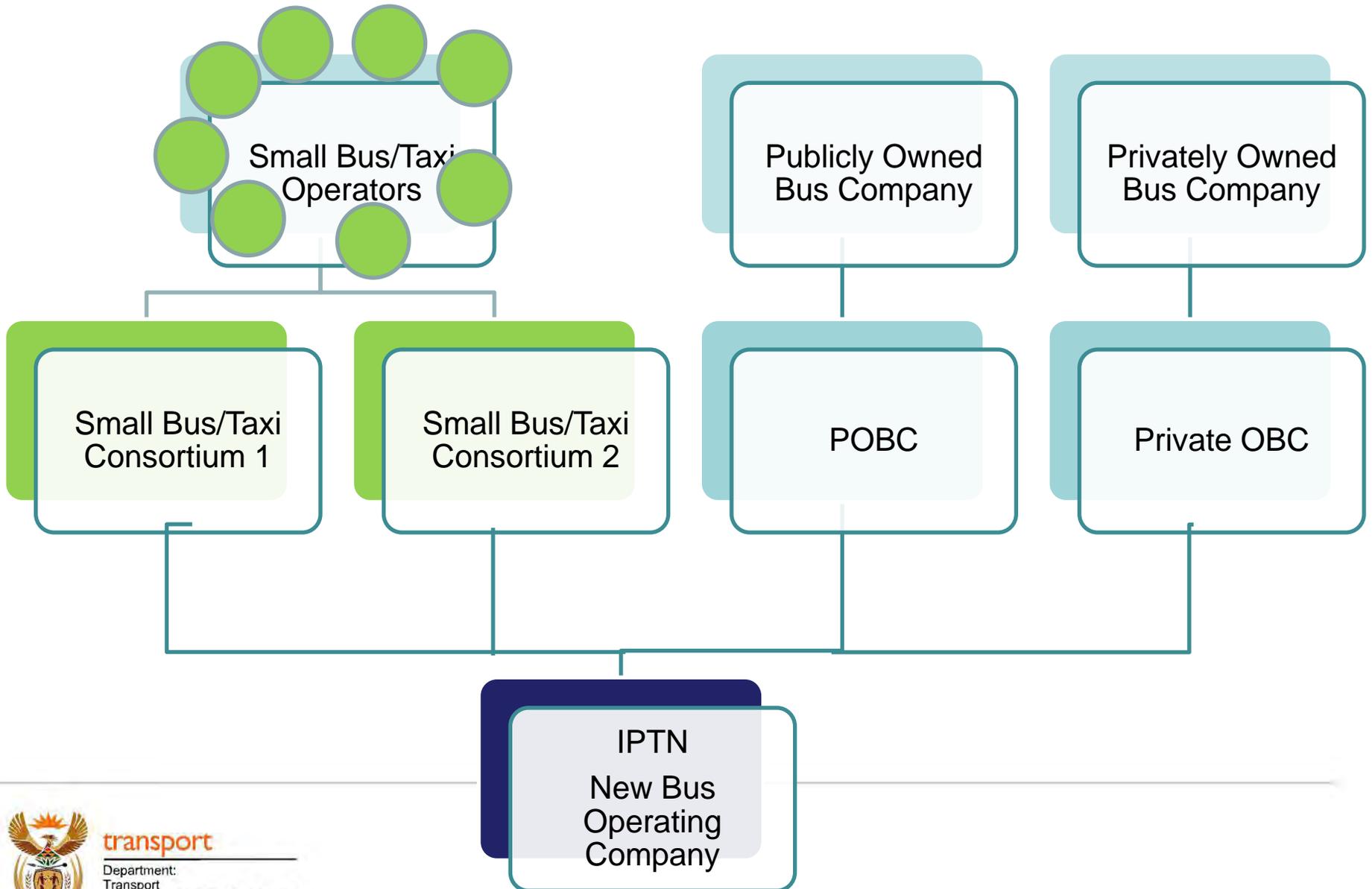
# Content

- *What is the role of SMME bus operators in the new public transport system (IPTN and Negotiated Contracts)?*
- *How is the transition to the new system generally structured?*
- *Who are the affected SMME operators?*
- *Conclusion*

# Generic Industry Transition Principles

- Involve the existing bus and paratransit operators with routes in the corridor into the new system
  - In Bogota prior to the BRT system there were approximately 22000 private bus operators providing licensed services and perhaps another 13000 buses that were operating without commercial operating licenses
- The planning authority concentrate on operators with licenses on the affected routes
- Market share determination: The biggest operator in terms of market share (resources contributed) becomes the major shareholder in the NEWCO
- Assistance by the authority may be given to individual operators to form consortium groupings since they may lack the skills and capacity to bid as individuals
- Alternatively large companies will seek out smaller operators to join as partners

# IPTN Operation Structure



# Small Private Operators in Mexico



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# New Bus Operating Company



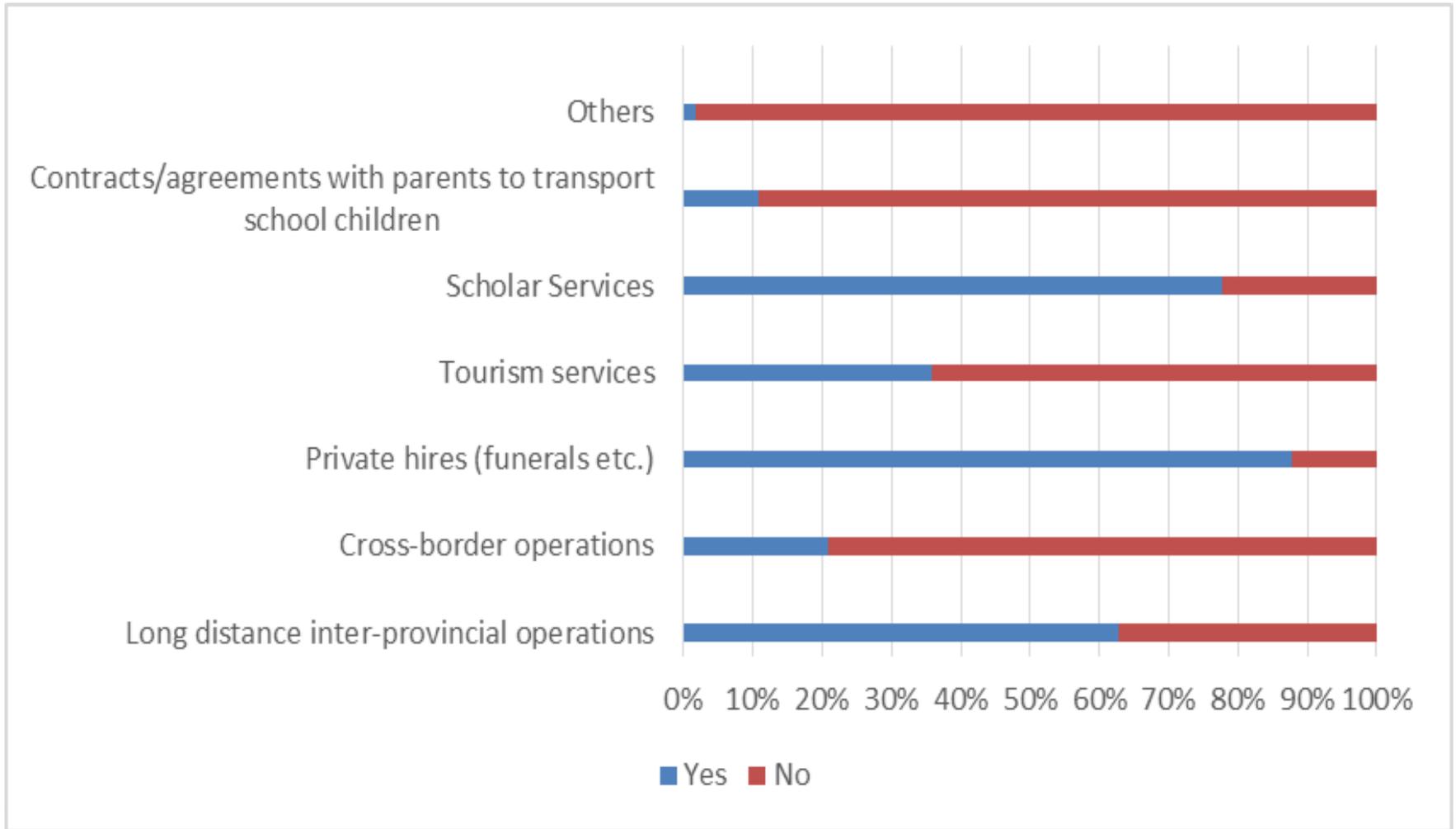
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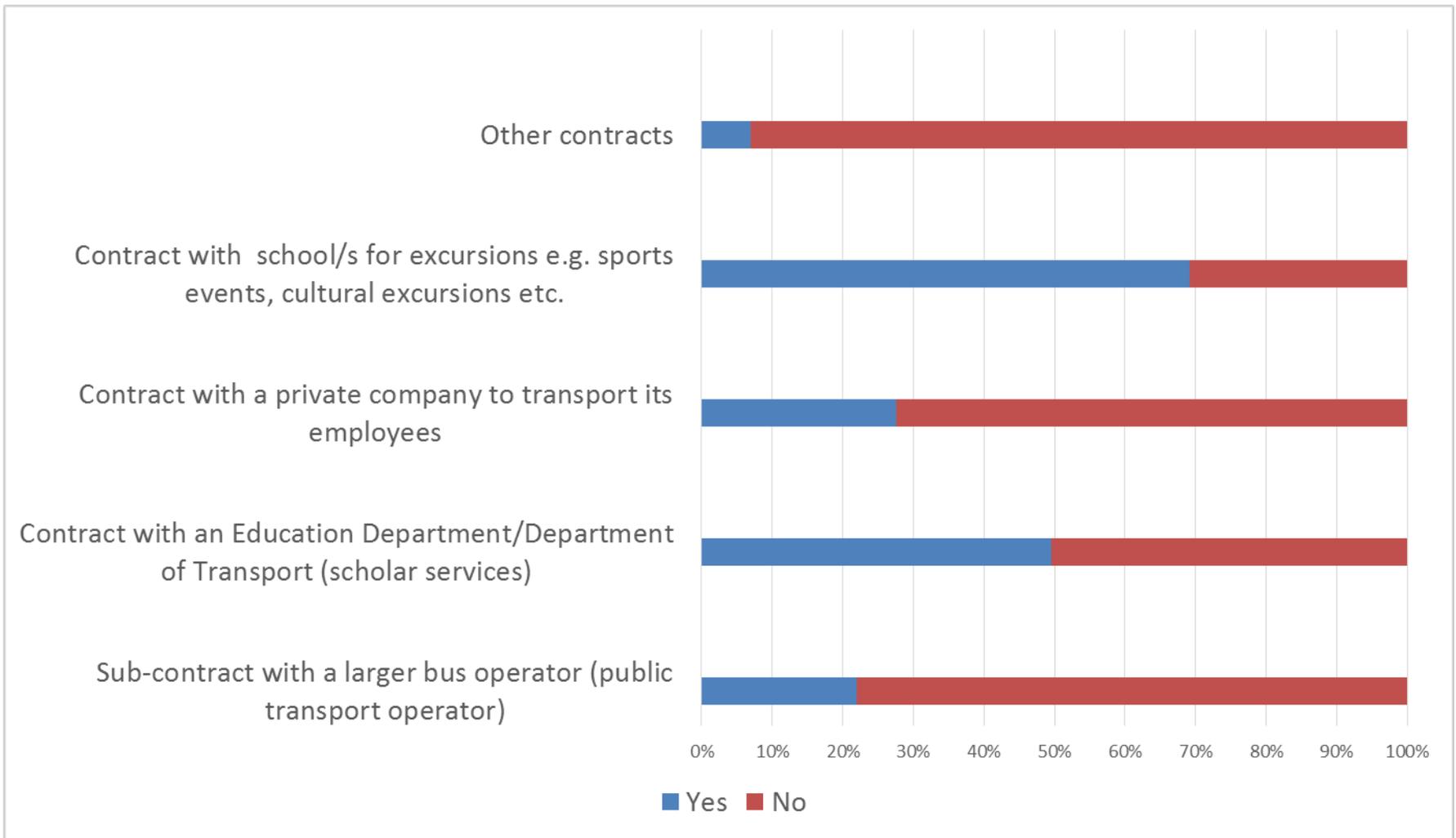
**Macrobus Guadelahara**

**Metrobus Mexico City**

# Types of bus services operated



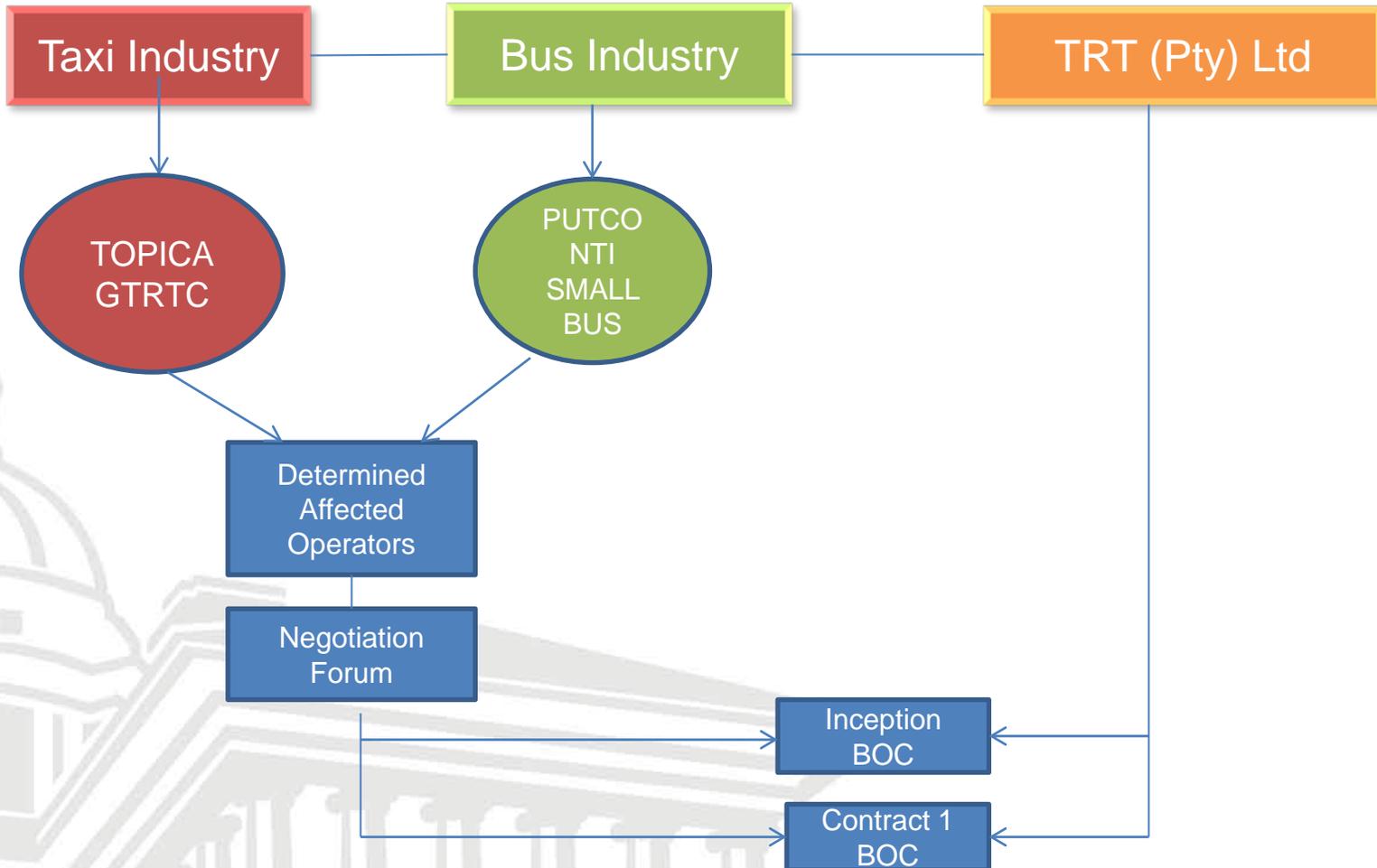
# Forms of Contracts operated by SBO



# Application of Industry Transition in SA

- Operators may be required to form companies that will be contracted to provide services on affected routes
- A new Bus Operating Company is a legal entity established in terms of the Companies Act and ownership of the Company vests with the **affected operators** from routes serviced by buses and taxis through shareholding
- Maximum stake or shareholding for existing bus and taxi operators in the new company is equivalent to their market share
- In return for the bus operating contracts the affected operators will be required to withdraw their vehicles on those particular affected routes
- Operators regarded as **“Directly Affected Operators”** are those that are currently providing commuter service – NLTA section 41(2)

# Industry Transition - Tshwane



# Industry Transition - George Municipality

## The Principle

**Compensation**



**Surrender of “Economic Rights”**  
(to generate livelihood through *valid & affected* operating license)

in exchange  
for

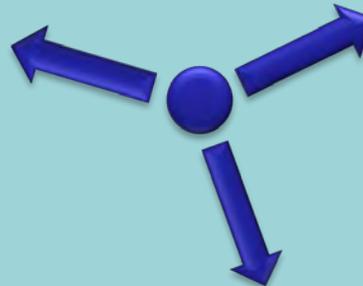
## The Objectives

### Government

- Transform existing service and industry
- Retain empowerment characteristics
- Maintain livelihoods
- Attain industry buy in
- Manage competition

### Industry

- Recompense for relinquishing established, familiar business
- Ensure financial security
- Transition into large business (some)



### Operating Company

- Sustainability of company



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# Legislative Provision for Industry Transition

## NLTA Section 41 – Negotiated Contracts

- 1) Contracting authorities may enter into negotiated contracts with operators in their areas, once only, with a view to—
  - (a) integrating services forming part of integrated public transport networks in terms of their integrated transport plans;
  
- 2) The negotiations envisaged by subsections (1) and (2) must where appropriate include operators in the area subject to interim contracts, subsidised service contracts, commercial service contracts, existing negotiated contracts and operators of unscheduled services and non-contracted services.

- Key issues:

- *Negotiation*
- *Operators in the area*

# Legislative Provision for Industry Transition

## National Land Transport Regulations on Contracting for Public Transport Services (Gazette 32535)

- Section 2(4) Negotiated Contracts:

*Where a municipality is establishing an IPTN contemplated in section 40 or 41 of the Act, **it must make reasonable efforts to involve existing scheduled bus and unscheduled minibus taxi operators on the relevant routes in the proposed negotiated contracts**, but where the municipality has made an offer in writing, either individually or by notice in the press to such operators and some of the operators have rejected the offer or failed to respond within 21 days, the municipality may conclude –*

- a) one or more negotiated contracts with other operators in terms of section 41(1) of the Act; or*
- b) subsidized service contracts or commercial service contracts for the services*

# Conclusion

- Cities are receiving huge pressures from SMME operators and Scholar Transport operators to be included in the negotiations
- In terms of the current legislation negotiations can only be entered into with current scheduled and unscheduled commuter operators
- Are there opportunities in:
  - Ownership - shareholding with established operators?
  - Tendering – mostly in the second round of contracting?
  - New services – where network or new designs expand services into new areas?

***Discussions should continue!!!!!!!!!!***