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The more things change, the more they stay the same

At a recent Union of African Transport (UATP) conference, president Jack van der Merwe said, "Public transport is for everyone and it must become the public mode of choice by being efficient and integrated."

Sandton's EcoMobility exercise, implemented during Transport Month in October, was geared to getting commuters up close and personal with public transport, as private vehicles were banished from key roads in the precinct in a bid to slash congestion.

The initiative did see travellers give up cars in favour of bikes, buses, trains and walking, leading the Gauteng City-Region Observatory – a collaboration between UJ, Wits and Gauteng provincial government, with local Gauteng government representation too – to deduce that "commuters will change their modes of transport when forced to do so".

However, the exercise also highlighted how much work still needs to be done to improve public transport. Cost and convenience were cited as key bugbears – and not everybody has the wherewithal to up sticks and relocate office to Sandton for a month, as did Johannesburg mayor Parks Tau, in a demonstration of his commitment to the EcoMobility festival.

The round table discussion hosted earlier this year by the Department of Transport, in which SABOA participated, shows just how much ground has yet to be covered to make public transport the mode of choice.

Although month to month contracts have been replaced with three year terms, introducing some welcome stability, the commuter bus industry remains in the grip of financial crisis. The drop from 4,5 to 2,21% in the Public Transport Operating Grant for 2015/2016 has aggravated an already dire situation.

EcoMobility may have heightened awareness of public transport options and availability, but the reality is that huge issues; in addition to the problem of underfunding, remain to be resolved.

While the round table forum was useful, SABOA is intent on continuing to pursue the topics covered to reach resolution – to attain clarity on the underfunding turnaround plan, timeframe for the implementation of longer term contracts, and to address the immediate crisis facing operators. These issues have to be addressed systematically and conclusively.

SABOA kicks off 2016 with its strategic planning session on 26 and 27 January at Glenburn Lodge. The greater the input, the more effective the association will be in pinpointing and tackling issues that are relevant. The 2016 SABOA Annual National Conference and Exhibition will take place on 9 and 10 March at the CSIR International Convention Centre.

Cindy Haler, Editor



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Iveco Magelys clinches coach honours



Iveco's luxury coach, Magelys, recently joined an elite band of vehicles to have scooped international bus and coach of the year awards, fending off tough competition from five other manufacturers to clinch the prestigious accolade

IVECO'S Magelys coach, recently judged 'International Coach of the Year 2016', earned the accolade for providing value for money without stinting on specifications or quality of components. An array of tweaks and innovations has been incorporated to drive down total cost of ownership, with a weight reduction and optimised aerodynamics delivering a 10% drop in fuel consumption over the coach's Euro V predecessor.

The Coach Euro Test event in Bulgaria was presided over by a 22-member international bus and coach of the year jury comprising senior journalists from Europe's premier bus and coach publications.

In line with its positioning in the luxury coach segment, Iveco has appraised every aspect of the Magelys to increase visibility for passengers and contribute to the enjoyment of a journey. According to Iveco, the standard roof side glazing panels provide a panoramic view for passengers – trademarks of the coach are its spaciousness and transparency, while the elegance of the interior positions the vehicle solidly in luxury coach territory.

The coach is obtainable in two lengths (12,2 or 12,8 metre) and three versions: Magelys Line is suitable for medium distance deployment; Magelys Pro, which provides a high level of accessibility, with a range of equipment to ensure exceptional passenger comfort; and the 'full options' Magelys Lounge version which includes as standard AS-Tronic gearbox, lateral sun blind, driver's seat armrest, electric driver window defrosting, GPS, reversing camera, centre door camera, hostess

seat, cupboard, microphone and camera, coffee machine, camera filming the road for the passengers, and glazed central roof section. Optional equipment includes seats with adjustable headrest, USB sockets, touchscreen radio display and two games tables at the rear, allowing eight passengers to sit opposite one another.

The vehicle submitted for adjudication incorporated a host of additional equipment: wheelchair lift with dedicated door and a demountable table arrangement, enabling drivers to easily board a disabled passenger without having to remove seats; leather seats; toilets; three motorised LCD monitors; wifi connectivity; 220 V and USB plugs; GPS and road camera.

The Magelys incorporates a host of active and passive safety systems. Its robust, self-supporting structure is hardened in a cataphoretic bath, ensuring long-lasting protection against corrosion. In addition, the structure complies with R66/01 rollover standards (an international standard ensuring that passengers benefit from maximum protection should a vehicle overturn).

The Magelys is equipped as standard with ABS brakes, ASR to optimise traction control and grip during start up, ESP to correct the vehicle's trajectory when cornering and prevent the vehicle from swerving off the road, AEB emergency brakes, and a lane departure warning system (LDWS), a useful aid that warns the driver of any loss of concentration or sleepiness.

As an option, the Magelys may be fitted with adaptive cruise control, which uses radar to ensure a safe distance is maintained from the vehicle in front. The engine brake and retarder are triggered automatically if this distance decreases suddenly.

In terms of driveline, the Magelys was the only entrant not employing exhaust gas recirculation (EGR) for emission control – relying instead entirely on selective catalytic reduction (SCR).

The Iveco Cursor 9 unit has a capacity of only 8,7 litres, but

delivers 294 kW (400 hp) and torque of 1 700 Nm at 1 250 rpm. It is matched to the ZF AS-Tronic automated transmission, delivering a very comfortable drive.

Fuel consumption is reduced by up to 10%, compared with the Euro V version, courtesy of a 200 kg weight reduction and optimised aerodynamics.

The coach of the year jury highlighted the fact that although Magelys is not a new name in the coach segment, the Euro VI incarnation of the vehicle incorporates a host of innovations and tweaks designed to reduce total cost of ownership. Another significant factor in the appeal of the Magelys was the price-quality ratio, which ensures a value-for-money vehicle which does not compromise on specifications or quality of components.

Iveco previously won Coach of the Year with its EuroClass HD in 1995.

Iveco Bus designs, manufactures and markets a broad range of vehicles to meet the needs of public and private operators, including: school, intercity and tourism coaches (Crossway and Magelys); standard and articulated city buses, including BRT dedicated versions, with a strong presence in clean technologies such as CNG and hybrids (Urbanway and Crealis); minibuses for all passenger transport missions (Daily); and various chassis for bodybuilders.

The award was presented at Busworld in Kortrijk in October, where the manufacturer showcased an array of vehicles in indoor and outdoor displays: the new Lounge version of the Magelys (in All Blacks livery); Crossway Line coaches (normal and low entry versions); a BRT version of the Urbanway city bus; new generation minibuses (Daily Tourys and the Daily Line Electric, making its debut); Crossway Pro; Crossway LE City with VDV driver's space (complying with driver's workplace guidelines specified by the Association of German Transport Companies); an Urbanway equipped with a CNG engine; and – available for test drives – Daily units, CNG Line and Tourys, equipped with the new Hi-Matic eight-speed automatic transmission.

Iveco is also well positioned to service growing demand for alternative driveline technologies. Iveco Bus head Sylvain Blaise says, "With a full order book, 2015 is set to be a record year for our factory in Annonay, France, as nearly half the buses produced will be non-diesel versions, namely CNGs and electric hybrids.

"We are proud of this achievement, which shows that we have successfully anticipated

the ever growing demands of authorities, operators, and citizens for green vehicles which are more respectful towards the environment's natural resources and public health, while remaining cost-effective."

Iveco Bus factories – in France and Czech Republic – were awarded the bronze medal in 2013 following World Class Manufacturing audits, an international methodology for managing manufacturing processes in accordance with best standards worldwide.

In addition, Iveco has invested more than R800-million in a production facility in Rosslyn, with Iveco South Africa Works (ISAW) a 60:40 joint venture between Iveco SA and the Larimar Group. The facility has the capacity to produce 6 000 trucks and 1 000 buses a year.

Iveco – which celebrates its fortieth anniversary this year, but draws on the 150 years of manufacturing experience amassed by the five major European commercial vehicle specialists merged on its inception – has revamped its entire range of vehicles since 2007. With its famous 682 brand enjoying an African revival, further Africa-specific offerings are in the pipeline too.

Iveco South Africa will welcome the Afriway bus to its product line-up in 2016 – aligned with Iveco's Urbanway and Crossway buses, but a product of Iveco's 'Born in South Africa' initiative. Ray Karshagen, head of the ISAW bus division, says the range will offer exceptional fuel consumption and passenger comfort. In addition, Iveco has created a dedicated bus commercial team, with the drive and expertise to back Iveco's dealer network. Iveco Bus is intent on capturing 25% of the market by 2020 and is setting the products, services and processes in place to turn that vision into reality. ■



Iveco's Magelys range has been designed to provide exceptional comfort levels for passengers, along with increasing operating profits for transporters. The Magelys was recently named 'International Coach of the Year 2016'

Marcopolo celebrates 15 years in SA

While it's not easy to establish – or maintain – a foothold in the local bus market, Marcopolo is celebrating 15 years of bodying vehicles for the South African market

ADAPTING its products to Southern African market requirements and bedding down local production were the major challenges facing Marcopolo when it established itself in this country in 2000.

With a 15-year track record to its credit, the bus body specialist has firmly dispelled the notion that clung in those early days of solely importing products.

Marcopolo SA general manager Rodrigo Alves says that Marcopolo's South African operation has evolved over the years – adapting to the local culture, building knowledge of the local market and tailoring its products to suit operator requirements.

Contrary to expectation, language was not the major barrier initially, he notes – understanding other cultures proved more challenging. And although model designations here mirror those of Brazil, that's where the similarity generally ends: the vehicles for SA are quite different from those emanating from headquarters in Brazil. The driver's door specification that is standard here, for instance, is unheard of in Brazil.

When it set up shop in South Africa in 2000, the OEM quickly came to the realisation that it could not simply transplant its products. It had to establish local production and adapt its offerings to win acceptance in the South African market. Local production would also keep costs and vehicle prices in check, position Marcopolo SA to meet stringent local content requirements, and ease the logistical burden of sourcing from Brazil.

With many models on offer, the workhorse Torino commuter body accounts for 70 to 80% of Marcopolo's production. On the Torino line, Marcopolo SA imports just 15% of the total kit. Components – including windows, seats, steel and fibreglass – are sourced locally whenever possible, with Alves relying on Brazil only when the quality of the components cannot be matched at an acceptable price.

"Developing from a CBU supplier to a point where you're

importing just 15% of the kit is a long journey," says Alves. "The first years were extremely tough. We didn't know the market well, we hadn't developed commercial relationships, we had a product that was in the process of being adapted."

However, Marcopolo identified South Africa's appointment to host the 2010 World Cup as a golden opportunity to strengthen its position and gear up for demand in 2008 and 2009 as public transport was set in place for the event.

"Now we have Gautrain and BRT systems – but there was no planning in place prior to the World Cup for systems of this nature," says Alves. "This is part of the legacy of the World Cup."

Consequently Marcopolo invested heavily in 2005 and 2006 in preparation for the World Cup, setting up a new paintshop, new machines and fabrication parts. Intent on assuming a leading position in providing vehicles for the World Cup, Marcopolo supplied more than 600 buses in the lead-up. Alves pinpoints the World Cup as the turning point for the manufacturer, bringing it through a difficult, discouraging patch to the stable niche it has now carved.

The World Cup also served as a catalyst for BRT systems in this country, with major projects such as Rea Vaya and MyCiTi continuing to be emulated throughout South Africa. Although BRT adoption is at a fairly sedate rate, Alves is confident that the movement is sustaining its momentum. The industry also appears aware that BRT success hinges on striking harmony between the interests of players such as the taxi industry and unions.

A significant factor in Marcopolo's history in South Africa,



By Cindy Haler

continues Alves, is that during the 15 years it has been present, the marque has been represented in the fleets of the vast majority of the country's large operators. "There are very few operators who have never had a Marcopolo in their fleet. This demonstrates the reliability of the brand and its widespread acceptance. Operators understand that the product has been adapted to the requirements of this country and can cater for the demands of local transporters, including long distance, commuter and BRT operations."

In addition, Marcopolo's full suite of products are available in South Africa – and new generation vehicles head for this country as they're launched. The country is not a dumping ground for products that have been phased out in their home territory, asserts Alves. "South Africa benefits from the newest bus industry technology – new materials, new designs, new developments, new processes."

The company has also invested extensively in its after sales support structures. It has 12 technicians in place, covering all the major centres in South Africa, and is reinforcing its presence in KwaZulu-Natal and Richards Bay, as well as in the north of the country. It has created a branch in Durban for the supply of parts, as well as in Cape Town (where technicians have been installed since the inception of MyCiTi).

Mobile technicians are equipped with tooling and spares to conduct roadside repairs, or will work at operator premises if required. Bigger repairs will be handled by Marcopolo's Gauteng, Durban or Cape Town operations.

A concentration of technicians in Gauteng ensures ready access to service for clients, while two technicians are dedicated to the company's export markets. Where operator size warrants, Marcopolo places consignment stock on-site to facilitate swift service and repair.

Alves has a down-to-earth approach to the bus and coach market, noting that Marcopolo is operating in an environment which is "very difficult" – the market is small, showing little growth, and contested by numerous serious competitors.

The strength of the dollar continues to be problematic, creating caution in the market in the face of high – and rising – prices. Growth in the South African economy is sluggish, impacted by the slump in demand for commodities, while there is little evidence of political influence being brought to bear in the transport segment to drive growth. Although the BRT segment is drawing attention and funding, these initiatives are a drop in the ocean of what would be required to overhaul the country's public transport system.

The challenge will be to achieve growth in a market showing little movement, says Alves. The solution may lie in developing new niche markets, introducing new products and winning new customers.

Marcopolo is planning a couple of significant product launches, for which it aims to lay the groundwork next year preceding launch in 2017. Plans include switching imports of certain units to local production (at this stage, completed bodies are brought in for dropping onto chassis). The process



will mirror what has been implemented on the Torino line, deploying local sourcing and production wherever possible, complemented by imported kits. This is expected to improve delivery times and stock levels, as well as reducing exposure to exchange rate fluctuations.

For the future, Marcopolo is preparing for further development in the BRT sector, for which it is already fully committed to local content. Tapping into Marcopolo's expertise in this worldwide arena is expected to play a major role, with the local operation set to adapt designs to suit South African operating requirements. In addition, significant developments in the coach segment are in the pipeline, and the manufacturer will be looking to bolster its commuter offerings with new models by 2016/ 2017. "We foresee long life for Marcopolo in South Africa," concludes Alves. ■

Public transport essential for smart cities

Public transport is undergoing a transformation, as cities shift towards developing sustainable, reliable infrastructure designed to appeal to commuters from all economic backgrounds

PUBLIC transport, which emerged out of the need for commuters to get from one place to another in an organised and affordable manner, is a social and economic issue and. South Africa faces significant public transport challenges: one is the legacy of urban sprawl within city confines, another is that road systems were designed to favour private motor vehicles rather than the broader commuter industry.

Advocate Alma Nel, director legal and policy research for roads and transport, Gauteng provincial government, says that according to the document *20 Year Review: South Africa 1994 and 2014*, providing effective public transport systems may be the single most important intervention in supporting environmental, economic and social sustainability in a city.

"By making the economic case for public transport, it shows that public transport is the lifeblood of a city economy. You cannot have a smart city without highlighting the important role of public transport. Investment in public transport is crucial to improving the quality of life and economic viability of all our cities."

Urban planning scholar Daniel Chatman of the University of California has been studying the effects of transport on agglomeration (people gathering in the same place). In a paper entitled *Urban Studies*, Chatman and fellow planner Robert Noland of Rutgers University use concrete numbers to make the case that the hidden economic value of transit could be between \$1,5-million to \$1,8-billion a year, depending on the size of the city. On average, across all the metros in the study, the expanding transit service produces an economic benefit of approximately \$45-million a year.

Nel says, "Looking at this study, it can be argued that transport officials have a much stronger argument for using

taxpayer money to improve public transportation services. In theory, public investments in mass transit can make urban economies more efficient by enhancing employer access to a larger labour pool at lower transport costs."

When transport systems are efficient, they provide socio-economic opportunities and benefits that result in positive effects such as better accessibility to markets, employment and additional investments.

The National Development Plan (NDP) proposes a number of strategic focus areas in transport infrastructure which have to be addressed to achieve the ideals outlined for the 2030 deadline. This includes the prioritisation of transport solutions that are safe, affordable and effective, while focusing on transport as an entire network rather than individual transportation modes. South Africans need a mindshift to convince them of the need for increased use of public transport.

According to the NDP, the investment in public transport should continue increasing – it has seen growth of 15% year on year since 2006. Bus rapid transit (BRT) systems already implemented are cited in the plan as models to provide high quality mass transit systems.

"Public transport is undergoing a transformation," says Nel. "Metros have seen a shift towards developing sustainable and reliable infrastructure designed to appeal to commuters of all economic backgrounds. Though there is a public perception that most public transport is not safe and reliable, Gauteng is making massive strides to change this perception with the introduction of BRT systems such as Rea Vaya, A Re Yeng and soon to be launched Harambee in Ekurhuleni."

Gauteng, with the introduction of the BRT and Gautrain, provides opportunities as the transport infrastructure in the



Advocate Alma Nel: public transport is undergoing a transformation

By Simon Foulds

province develops into a system of high speed connecting hubs with a strong base of feeder services. Even though the increasing transport costs present a problem, the province will support bus nodes through subsidisation.

Investment in public transport can be expensive, but the benefits contribute towards achieving long term economic sustainability. In addition to reducing costs caused by congestion, public transport creates jobs and supports local economies.

According to a study by The American Public Transportation



On the move: Johannesburg's Rea Vaya BRT system in operation

Association, for every R80-million invested in capital projects for public transport, more than 300 jobs are created, with a R240-million gain in business. In Europe, public transport creates two to three times more employment opportunities per passenger kilometre than private transport.

"The transformation of public transport requires consistent inter-governmental co-operation and co-ordination," says Nel. "This is a daunting task and requires setting clear public indicators such as reduced travelling times and costs in order to offset the percentage of household income spent on transport.

"The nature and size of vehicles to be used will be determined by the relevant transport authorities and will include regular renewal of the public transport fleet. Government is committed to providing South Africans with safe, accessible public transport. This has been emphasised at national, provincial and municipal level as requiring urgent attention." ■

• Nel delivered a presentation at a Transport Forum workshop on trends in policy development for transport, hosted by the University of Johannesburg's Institute of Transport and Logistics Studies.



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Ekurhuleni makes BRT moves

Ekurhuleni has boarded the BRT bandwagon with the unveiling of its Harambee initiative, with the system set to launch mid-2016

THE HARAMBEE bus rapid transit (BRT) system brand was launched in Ekurhuleni, Gauteng, recently.

Meaning to pull or work together in Swahili, the BRT system – launching in mid-2016 – forms part of the integrated rapid public transport network to connect all modes of public transport in Ekurhuleni.

Conceptualised in 2008, Harambee BRT is one of the projects Yolisa Mashilwane, head of transport planning and provision in the city, has been working on for the past three and a half years.

The first phase, spanning 56 km running from Tembisa to Vosloorus, is due to be operational in mid-2016 and fully complete by October 2017. Five phases are to be built and, once complete, 1 000 buses powered by either compressed natural gas (CNG) or dual fuel (a mixture of diesel and CNG) should be operating along the routes.

In the build up to next year's launch, Harambee-branded Metrobus vehicles are to be used in promoting Ekurhuleni's forthcoming BRT system.

The system will make it easier for residents and visitors to travel through Ekurhuleni and connect to other BRT systems in Gauteng.



Aboard the Harambee-branded Metrobus: Ismail Vadi (Gauteng MEC for roads and transport), Yolisa Mashilwane (head of transport planning and provision in Ekurhuleni) and Mondli Gungubele (executive mayor, Ekurhuleni)

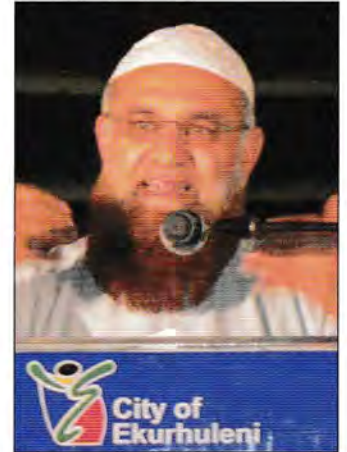
By Simon Foulds

Ekurhuleni executive mayor Mondli Gungubele is striving towards positioning the city as an aerotropolis, with layout, infrastructure and economy centred on the airport. The BRT system is an integral part of this structure, forming part of the city's strategic road map in making Ekurhuleni one of the world's top airport cities. It is also intended to link the nine separate towns that make up the municipality.

Ismail Vadi, Gauteng MEC for roads and transport, described the launch as "a great occasion". Integrating the various BRT systems in Gauteng is at an advanced stage and, once complete, will play a key role in reducing carbon emissions in the major metropolitan areas of the province.

Vadi says that ecomobility month in Sandton in October provided lessons which can be implemented in other regions, adding that it is possible to change people's attitudes to using public transport (Gautrain ticket sales into Sandton escalated significantly in October).

"An effective, efficient public transport system is a vital ingredient and a critical element in building and stimulating economic growth. It is an enabler. Without decent, solid public transport in Ekurhuleni, the concept of it being an aerotropolis will not become a reality."



Ismail Vadi (Gauteng MEC for roads and transport): BRT is vital to achieving Ekurhuleni's aerotropolis vision



Harambee, connecting Ekurhuleni



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Challenges facing the bus industry

The Department of Transport's round table discussion on challenges facing the bus industry – and possible solutions – has laid the groundwork for further action

THE Department of Transport (DoT) held a round table discussion with stakeholders in the bus industry, to consider current challenges facing the public transport sector in general and the bus industry in particular and explore possible solutions to these challenges.

The Department also highlighted developments and projects aimed at offering long term solutions for the public transport sector.

The event was attended by provincial transport departments, National Treasury, SABOA, the South African National Small Bus Operators Association and the Coach Service Association of South Africa.

DoT: Public Transport Transformation Plan

DoT is developing a National Public Transport Transformation Plan (NPTTP), which is aimed at analysing current blockages and challenges hindering the improvement of public transport, as well as proposing appropriate intervention strategies.

The plan is premised on the fact that South Africa has suffered a history of underinvestment over the past 25 years, culminating in the current poor state of services.

Inadequate funding since 2000, when regulated competition was supposed to kick off, resulted in lack of progress and the ultimate stagnation of public transport service improvements.

The introduction of a Public Transport Operations Grant (PTOG) in 2009 as a means of curtailing subsidy overspending worsened the situation further.

The current economic downturn and the fact that subsidies have been increasing at a much slower pace than CPI since 2009 resulted in MinMec taking a decision to extend existing month to month bus contracts for a fixed period of three years with effect from April 2015 under the same terms and conditions.

The three-year extension is an attempt to move away from the current short term or month to month extensions and create some stability for operators while planning for long term solutions.

During the three year extension period, contracting authorities are expected to prepare plans for new integrated public transport services and secure related funding.

The NPTTP proposes the following interventions:

- All future public transport services have to be designed and managed as an integrated network (bus, taxi, rail) and not as isolated modes as is currently the case.
- In light of the lessons learned in the first years of introducing integrated public transport networks, some components of these networks should be scaled down as a result of high costs.
- Consideration should be given to the provision of improved quality public transport that is integrated, particularly in the non-metro areas as well as in low volume corridors where the need is only for basic infrastructure.
- It is critical to introduce a differentiated approach in providing solutions to current public transport problems. This implies that appropriate solutions have to be determined based on different public transport challenges in different areas and not a 'one size fits all' approach.
- The public transport funding framework also needs to be reviewed to consider the possibility of integrating and pooling the different transport funding streams (PTOG, PTNG, TRP).

The NPTTP proposes a two-pronged but parallel short term intervention measure. Contracting authorities must ensure that existing contracted bus services are stabilised through adequate funding while at the same time commencing with the planning process for the introduction of new services.

All stakeholders will be consulted on the NPTTP before it is finalised.

DoT: Integrated Public Transport Networks

Public transport reforms are crucial if the network development is to be sustainable. Of critical importance in South Africa is the redesign of urban spatial development. This will, in the long run, change the pattern and cost of public transport provision and will contribute towards sustainable funding for these services.

There is a need to standardise initiatives in order to build capacity at municipalities and get value for money. Due to lack

of capacity, most municipalities rely entirely on outside assistance and this has resulted in the cost of developing networks skyrocketing.

It is important that lessons learned during the introduction of the first phases of Integrated Public Transport Networks (IPTNs) in various municipalities be institutionalised for future reference. It is also critical that municipalities learn from one another in order to avoid repeating the same mistakes.

The Department should facilitate an interaction between municipalities and SMME bus operators in order to address section 4 of the National Land Transport Act number 5 of 2009 relating to the inclusion of affected operators in the IPTNs.

National Treasury

The DoT, like all other departments, should work from a premise that the current fiscal environment makes it difficult to increase funding for PTOG. The fiscal envelope is capped and there are no expected allocation increases besides the CPI-related annual adjustments.

Because of the current allocation efficiency trends between provinces and cities, where some provinces or cities with much greater performances are getting less from the fiscus, National Treasury is developing a new allocation formula as part of public transport reforms.

There is a serious need to align the Public Transport Network Grant (PTNG) and PTOG and to standardise the KPI reporting of the two grants.

National Treasury is going to explore the possibility of persuading provinces to contribute towards the PTOG from their equitable share. One option is to consider this as a requirement in the equitable share allocation framework.

Currently it is only Limpopo, North West and Eastern Cape

that are substantially contributing to the PTOG, although this is largely due to historical reasons. In contrast, the province that is getting almost a 33% cut of the total PTOG budget – Gauteng – is not contributing.

The DoT must seriously consider the development of a public transport subsidy policy. The policy must address the current urban bias, including the allocation of the budget. Failure to secure more subsidy funding support in the road-based public transport sector is partly due to lack of a subsidy policy. Other sectors that have developed proper policies and have clear plans are able to secure additional funding for their plans.

SABOA

The financial crisis in the commuter bus industry is escalating because of inadequate annual PTOG increases. The PTOG is a supplementary grant from the national fiscus and it is expected that provinces should cover any shortfall, which they do not do.

The escalation formula included in the operating contracts, as agreed between the industry and government, is no longer used as a result of the introduction of the PTOG. Even if it was used, the cost base on which the calculation of the escalation is based has not been revised or updated in the past 18 years.

When PTOG was introduced in 2009, it resulted in a 6% drop in the overall subsidy allocation. This drop has never been recovered, but instead the annual PTOG increase has been growing at a rate that is even lower than the average annual CPI since then. This has worsened the funding deficit in the industry and the unintended consequences are now realised through the closing down of some services.

The adjustment of the 2015/2016 PTOG increase from 4,5 to 2,21% will make matters worse if no additional funds are secured to assist operators at least in the short term.

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Based on the revenue-cost index model developed by SABOA, the following can be concluded:

- Profit margins for bus companies have reduced drastically every year since 2009 and have now turned into major losses.
- Because expenditure is increasing at a faster rate than revenue, most companies will ultimately fail to provide services and may also have to close down.
- Service quality and safety standards will eventually be compromised if this trend is not arrested and reversed.

Empowerment of SMME bus operators

While the Department is in a process of developing IPTNs and preparing implementation, SMME bus operators want to know what needs to be done at the moment to assist them to participate in the subsidised service system.

It would seem there are no clear plans on how SMME bus operators would be included in the subsidised services. The implementation of the first phases of IPTNs across the country has shown that SMME operators are sidelined, whereas focus is given to the inclusion and compensation of taxi operators. This seems to be in contrast with the provision of section 41 of the NLTA, which emphasises that affected operators must be part of the new networks.

SMME bus operators have received no assistance from government in terms of vehicle recapitalisation, while the taxi industry is being assisted through the Taxi Recapitalisation Programme.

Without the security of long term contracts, financial institutions are reluctant to grant SMME bus operators loans for purchasing of vehicles, creating another impediment to entering the market.

Other operational issues

Taxi intimidation of bus operators is escalating and affects both large and small bus operators in Gauteng, Eastern Cape, North West, Limpopo and KwaZulu-Natal, including on cross-border routes.

Most Provincial Regulatory Entities or Operating Licence Boards are not functioning effectively and applications are taking too long to finalise. The National Public Transport Register (NPTR) needs to be operational as a matter of urgency, to fulfil its function to oversee public transport activities in the country.

The DoT seems to ignore the coach industry in its planning process, since it operates mainly in the tourism sector. However, this industry is directly affected by some of the policy positions and legislation introduced by the DoT (eg Cross Border Act) and therefore there is a need to

continuously engage the sector. Some of these policy positions might have a negative effect on tourism if not carefully discussed and controlled.

SMME bus operators need assistance in scholar transport contracts in the Western Cape as well as participation in the replacement of all contracts that were relinquished by Putco in Gauteng.

Proposals

Adequate subsidy funding must be made available so that current services 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 withdrawal of non-subsidised services, withdrawal of loss-making services, postponement or scaling down of bus replacement programmes and rationalisation of services in general. The rationalisation of services can be done responsibly with contracting authorities.

The 'value for money' proposition in the IPTN (BRT) system needs to be carefully looked at due to South Africa'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, rationalisation of services, empowerment of SMME bus 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 and Treasury will continue to look for short term funding interventions to stabilise the industry. This will include discussions with provinces to encourage them to contribute towards the subsidy funding support from their equitable share allocation.

The Department will share the NPTR with the industry when it is ready.



The Department of Transport's round table discussion on challenges facing the bus industry – and possible solutions – has laid the groundwork for further action

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