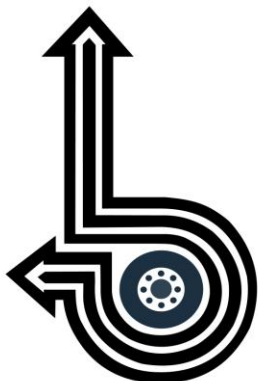


2019/2020

ANNUAL REPORT OF THE COUNCIL

SOUTHERN AFRICAN BUS OPERATORS ASSOCIATION



S A B O A

Southern African Bus Operators Association

voice of the bus & coach industry

CONTENTS

<i>Item</i>	<i>Page</i>
1. ASSOCIATION PROFILE	4
2. OUR PURPOSE, VISION, MISSION & VALUES	5
3. MANAGEMENT REPORT	6
4. MANAGEMENT OF THE ASSOCIATION	6 - 8
4.1 Secretariat	
4.2 Executive Council	
4.3 National Council	
4.4 National Executive Council	
4.5 Provincial Structures	
4.6 Council & Executive Meeting	
5. ACTIVITIES OF THE ASSOCIATION	8 - 16
5.1 Review of The White Paper on National Transport Policy	
5.2 National Learner Transport Policy	
5.3 National Land Transport Act	
5.4 Bus Commuter Contract System	
5.5 Legal Opinion on Negotiated Contracts	
5.6 Competition Commission Market Inquiry into Public Transport	
5.7 Tourist Transport	
5.8 Cross-Border Bus & Coach Sector	
5.9 Development of A Public Transport Subsidy Policy	
5.10 National Public Transport Safety Plan	
5.11 Road Transport Management System	
5.12 Taxi Intimidation	
5.13 Gauteng Small Bus Operators Council (GASBOC)	
5.14 National Empowerment Committee	
5.15 Driver Training Academy for the Bus Industry	
5.16 SABOA Short-Term Insurance Scheme	
5.17 Appointment of Saboa Executive Manager	

6. STAKEHOLDER ENGAGEMENT & TRAINING	16 - 19
6.1 Technical Committee Meetings	
6.2 Operations Committee Meetings	
6.3 Gauteng Bus Indaba	
6.4 Western Cape Bus Indaba	
6.5 Engagement with External Stakeholders	
6.6 SABOA Skills Programmes for SMME'S	
6.7 SABOA Skills Programmes for SMME'S	
7. EVENTS & COMMUNICATIONS	19
7.1 Saboa Annual Conference and Exhibition	
7.2 Saboa Dinner	
7.3 SABOA Bus Magazine	
7.4 SABOA Talk Newsletter	
7.5 Digital Communications	
8. STRATEGIC PLANNING SESSION	20
9. RESEARCH	21 - 22
10. MEMBERSHIP	22
11. ANNUAL FINANCIAL STATEMENTS	22
12. PERSONNEL	23
13. CONCLUSION	23

1. ASSOCIATION PROFILE

SABOA

The South African Bus Operators Association (SABOA) is the official body that represents the interests of the South African Bus and Coach industry. The organisation was established in 1980, by business, to engage with government, with the objective of creating and enabling sustainable development in the South African bus and coach industry.

WE ARE:

- An organisation that is made up of members that operate bus and coach businesses, as well as corporate companies that contribute to the value chain of the industry.
- The official body for the bus and coach industry in South Africa, representing the interests of our members and the industry.
- A key role player in the transport policy formulation process and an active and credible participant in the consultative platforms of Government.
- A non-profit organisation, focused on creating a transformative and sustainable bus and coach industry in South Africa.
- Committed to representing the interests of our stakeholders through lobbying, research, education, and empowerment initiatives.
- The Voice of the South African Bus and Coach Industry.

OUR INDUSTRY:

The bus and coach industry in South Africa plays a vital role in the economic and social development of the country. As a provider of road transport services, it has, and continues to provide daily mobility to millions of our people. Our people, who commute to school and work, who require transport to access health and other services, commuters who seek long-distance services as well as local and international tourists who travel within and across the borders of South Africa.

OUR FOCUS AREAS:

- Representing the interests of members at all levels of government and with key stakeholders in the industry.
- Providing commentary on policy, position papers and draft legislation which affect the industry.
- Creating a reliable information and communication channel and providing support to members.
- Developing partnership to enhance relationships and create valuable offerings.
- Providing leadership on behalf of the industry.

- Supporting and driving transformation in the bus and coach industry.
- Facilitating interaction through advice, information sharing, meetings, workshops and the SABOA Annual Conference and Exhibition.
- Supporting and promoting safety in the industry.

2. OUR PURPOSE, VISION, MISSION & VALUES

OUR PURPOSE

To contribute substantially to the social and economic development of our country by providing bus and coach services to transport millions of people who rely on public transport on a daily basis.

VISION

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

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

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

BRAND VALUES

- Informed
- Committed
- Driven

3. MANAGEMENT REPORT

The last financial year has, once again, been a very challenging year for the industry as South Africa continued to experience low economic growth. Although inflation was kept under control, lower ridership numbers impacted on the revenue potential of the industry putting pressure on company finances. In addition, the Rand performed poorly resulting in cost pressures on the industry as a significant part of its input costs are affected by exchange rates.

There has also been no movement on the implementation of the commuter bus contracting system in the country. Most contracts in the commuter bus industry are more than 20 years old with cost bases of these contracts hopelessly outdated in terms of the weighting of particular cost elements as part of total operating costs. This together with the fact that the annual escalation of the Public Transport Operations Grant is not industry cost related continued to exert financial pressure on the industry – a situation that has been in existence since 2009 when the PTOG came into being.

The situation for scholar bus operators has also not improved despite a number of meetings and submissions to authorities. We are of the belief that the rates that these operators are paid are insufficient to ensuring sustainable businesses.

During the 2019/20 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.

4. MANAGEMENT OF THE ASSOCIATION

4.1 SABOA Secretariat

SABOA has a permanent Secretariat to manage the affairs of the Association. The Secretariat, comprising of six staff members and a strategic advisor, forms a nucleus that co-ordinates the activities of the Association on behalf of its members.

4.2 SABOA Executive & Council

The below listed SABOA Members were elected to the Executive Committee and National Council for the term 2017 to 2021.

Executive Committee Members			
A Sefala	Ipelegeng Transport Trust	M H Heyns	Putco
S Maharaj	Maphumulo Mail Service	F E Meyer	Golden Arrow Bus Service
B Ditshego	NTI	R S Nche	City Road Transport Service
J Vanqa	Vaal Maseru Bus Service	I Mncwango	Gauteng Women in Transport
<i># Mr Sefala resigned on..... and is still to be replaced.</i>			

Council Members Category A			
S Maharaj	Maphumulo Mail Service (VP)	N Dollie	Overland Tours
M D Sambo	Sambo Express	T Lebitsa	Hlakanang Bus Company
J Vanqa	Vaal Maseru Bus Service	C Bailey	Bailey's Bus Service
J Mayegiso	Mayegiso Bus Service	D I Ngcobo	Ngotshana Transport
R S Nche	City Road Trans Service	I Mncwango	Gauteng Women in Transport
Council Members Category B			
A Sefala	Ipelegeng Transport Trust	D Masango	Thembaletu Bus Service
B Ditshego	NTI	D Gwabeni	Mayebuye Transport Corporation
M H Heyns	Putco	C Ramathe	Maluti Transport
F E Meyer	Golden Arrow Bus Service	E Motshwane	Piotrans
T Murugan	South Coast Bus Service	F Morelli	Unitrans Passenger
Associate Member Representatives			
R Karshagen	Iveco		
K Bell	Standard Bank Vehicle Asset & Finance		

4.3 SABOA National Council

The Association is governed by a National Council that consists of an equal number of established and SMME members. These members represent companies that reside in two main categories namely, those that operate less than 30 buses or coaches (SMME operators: Category A) and those that operate more than 30 buses or coaches (established operators: Category B). Representatives in the two categories are elected every 4 years by the membership of the Association at provincial level. The National Council elects the President and Vice-President from the two categories of membership: one in each category. The Presidential position rotates after two years. Provision is also made on the National Council for representatives of the supplier industry.

4.4 SABOA National Executive Committee

One of the functions of the National Council is to elect an eight-member Executive Committee that oversees the day-to-day functioning of the Association. The President and Vice-President are automatically office-bearers elect on the Executive Committee. As in the case of the National Council, established and SMME members have equal representation on the National Executive Committee.

4.5 SABOA Provincial Structure of the Association

To represent members at a provincial level, a provincial governance structure is in place in the Association. Members in the respective provinces elect Provincial Executive Committees every four years to oversee the activities of the Association at the provincial level. These structures are present in most of the provinces and established and SMME members actively participate in these structures. These structures are especially important for SMME operators as they often tend to focus on operational issues in their operating areas. Many SMME's therefore participate in SABOA through active participation at the provincial level.

4.6 Council & Executive Committee Meeting

Council and Executive committee meetings were held on the below listed dates.

Special Exco	24 January 2019	Exco Council	01 August 2019
Exco Council	24 January 2019	Exco Meeting	10 October 2019
Exco Meeting	28 March 2019	Exco Meeting	14 November 2019
Exco Council	23 May 2020	Exco Council	30 January 2020
Special Exco	24 July 2019	Exco Meeting	30 January 2020

5. ACTIVITIES OF THE ASSOCIATION

5.1 Review of the White Paper on National Transport Policy

The draft White Paper on National Transport Policy is still in the Parliamentary process and was expected to be concluded in the second half of 2019. Due to the COVID-19 pandemic it is anticipated that the draft White Paper will only be concluded in the first half of 2021. The review process has been ongoing since 2016, and public consultation workshops were held in March/April 2018. SABOA submitted formal comments on the draft White Paper to the Department of Transport, highlighting the shortcomings of the draft White Paper, especially as it relates to preparing for the Fourth Industrial Revolution, empowering of SMME's and the limited attention to tourist transport. SABOA also pointed out that successes and failures of the policy objectives of the 1996 White Paper had to be

established, reasons determined for failures and action plans developed in the new White Paper to avoid repeating the same issues in future.

5.2 National Learner Transport Policy

Learner transport plays an important role in the bus industry, as it is a form of empowerment for small bus operators. For many years SABOA has lobbied for the formalization of a national policy for the sector, which came into effect on 23 October 2015. However, the challenges of the small bus operators, in the sector prevails. In view of the fact that there has been no material changes to the concerns of SMME learner transport operators since the implementation of the National Learner Transport Policy e.g. sub-economic rates, contractual issues, lack of an annual escalation in remuneration to cater for inflationary increases etc., as well as some factual mistakes in the policy document, SABOA embarked on a consultative process among its provincial structures, to comment on the National Learner Transport Policy. A formal submission on proposed changes to the National Learner Transport Policy was submitted to the National Department of Transport on 24 June 2019.

5.3 National Land Transport Act

Provincial workshops were conducted on the National Land Transport Act, with specific attention given to operating license issues. The issues raised by operators have been problematical for the industry for years e.g. certain exemptions to transport learners on excursions, renewal of operating licenses, the limit of 90 days to provide particulars of a new vehicle etc., and efforts to address these concerns with the National Department of Transport and Provincial Regulatory Entities have been unsuccessful. SABOA therefore compiled a discussion document which outlined the issues together with proposed solutions which was circulated to all its Provincial Executive Committees for comments, resulting in a formal proposal of amendments to the National Land Transport Act. The proposed amendments were submitted to the National Department of Transport on the 26 June 2019.

5.4 Bus Commuter Contract System

Since the introduction of the Division of Revenue Act, 'DORA' in 2009, the bus commuter contracting system has experienced serious financial challenges. Major contributors to the financial challenges are significant increases in labour and fuel costs since 2009 as percentage of overall costs of providing services. Annual PTOG escalations are therefore based on a very old cost base (mostly dating back to 1997 when interim contracts were concluded and 1999- 2001 when the last tendered and negotiated contracts were concluded). In addition, short-term contracts are causing uncertainty in the industry, the escalation formulas in contracts are being ignored by government and no adjustment has been made to the number of kilometers that operators have rendered since 2009. As a result,

operators are rendering services not being paid for by government. One of the consequences of the PTOG underfunding impact is that the bus fleet has, on average, aged significantly which, in turn, leads to more unreliable services and higher than necessary maintenance costs to maintain an old fleet of buses.

National Treasury determines the annual increase in the Public Transport Operational Grant 'PTOG' and it is expected that provinces will "top up" this grant to equal the escalation formulae in the respective contracts. Apart from a few exceptions (North West Province, Eastern Cape Province and Limpopo Province), Provincial Governments do not budget to supplement the PTOG. To address the unsustainable challenges, SABOA has initiated and held various meetings with Ministers of Transport, Department of Transport and National Treasury. A Task Team consisting of the Department of Transport and SABOA was established shortly after a meeting with the previous Minister of Transport on 20 November 2018 to address SABOA's concerns. It was further resolved that the Task Team should meet with National Treasury as soon as possible to motivate and increase in PTOG funds. The Task Team was also mandated to address the empowerment of SMME bus operators.

The Task Team met with National Treasury on 13 February 2019 during which SABOA made a detailed presentation on the contract system. SABOA also raised the issue of negotiated contracts with National Treasury and National Treasury confirmed that they supported negotiated contracts as outlined in the National Land Transport Act. National Treasury further emphasized that they would discuss the issue of Provinces not contributing to the PTOG when they meet with Provinces in July 2019. Issues such as the escalation formulae that are not applied by Provinces should be discussed with Provinces. During a meeting of the Task Team, which was held on 26 March 2019, the Department of Transport indicated that it was not in a position to allocate additional funds from the PTNG to the PTOG.

A new Minister of Transport was appointed after the general elections in 2019 whilst a new Director-General was appointed on the 01 August 2019. Requests for appointments with the new Minister and the DG were actively pursued however as at January 2020 the Minister and the DG had failed to respond to SABOA's request for an urgent meeting (The Association has, however, succeeded in having two online meetings with the Minister and his senior officials since the beginning of the COVID-19 crisis to address the impact of DORA as well as the pandemic on the industry).

In view of the fact that the Task Team was appointed by the Minister of Transport (albeit the previous Minister of Transport), it needs to report back to the Minister on the outcome of the deliberations with National Treasury and within the Task Team. The Department of Transport will be requested to compile a report to the Minister of Transport.

5.5 Legal Opinion on Negotiated Contracts

During 2019 it became apparent that some provincial administrations were not in favour of negotiated contracts, despite the DoT and National Treasury not having issues with entering into negotiated contracts. This became evident in a letter by the KwaZulu-Natal Department of Transport to a SABOA member wherein it was stated that the Auditor General found that negotiated contracts used by the (KZN) Department to conclude new contracts was irregular, unconstitutional and working against the principles of the PFMA as it prevents fair and just competition. In the light of this serious development SABOA requested Senior Council to consider the following and provide it with a legal opinion regarding the Auditor General's views as follows:

- The lawfulness of direct negotiation permitted under S41 of the NLTA vs the provisions of S217 of the Constitution and the provisions of the PFMA,
- The lawfulness sections 42 and 43 of the NLTA which oblige a public tender process without exception considering that public procurement law recognise that there are exceptions to competitive bidding, e.g. sole supplier, emergency, impractical to tender etc.

In addition, clarity was to be sought on the lawfulness of existing interim, tendered and negotiated contracts.

The legal opinion on these and other aspects by Advocates Wim Trengrove and Isabel Goodman were that Sections 41 and 46 of the (National Land) Transport Act permit provincial departments of transport to conclude negotiated contracts with bus operators. They permit the departments, in limited circumstances, to procure services from bus operators without going out to tender. These negotiated contracts are regulated by the (National Land) Transport Act and are not rendered unlawful by the PFMA and that payments made under those contracts do not amount to irregular expenditure.

5.6 Competition Commission Market Inquiry into Public Transport

The Competition Commission announced an inquiry into public passenger transport on the 10 May 2017. The Terms of Reference for the market inquiry was published along with the announcement. The Commission issued a call for submissions from interested parties, which SABOA responded to on 22 September 2017. The market inquiry commenced on 07 June 2017 with expectations to

conclude it in the first half of 2019. Public hearings were held in the nine provinces and over 200 stakeholder submissions were made. SABOA presented the Association's submission at the Gauteng Public Hearing in July 2018. A Provisional Main Report of the Inquiry was published on the 19th of February 2020 and stakeholders were requested to comment on the Provisional Report. SABOA submitted extensive comments on the Provisional Report. This report is available to members should they request a copy.

5.7 Tourist Transport

Ongoing delays are experienced in finalising applications by the National Public Transport Regulator (NPTR). In terms of the NLTA, Tourist Transport Services are regulated by the NPTR. Accreditation of Tourist Transport Operators is the only function that the Minister of Transport has allocated to the NPTR. Applications for Interprovincial Services for buses and taxis must still be made to Provincial Regulatory Entities (PRE's) until such time as the Minister allocates this function to the NPTR. The Association is addressing these administrative challenges on an ongoing and case by case basis. The ongoing challenges in this sector of the industry has also been raised with the Department of Tourism.

5.8 Cross-Border Bus & Coach Sector

Due to the ongoing concerns in the cross-border bus industry, SABOA and the below listed Parties concluded a Memorandum of Understanding in 2019. The purpose of the MoU is to ensure closer co-operation and support in addressing cross-border issues with the Cross-Border Road Transport Agency (C-BRTA). In addition, a MOU was concluded between the Parties and the C-BRTA. The purpose of the MoU is to ensure that there is a firm commitment from the C-BRTA to diligently deal with the issues and concerns of the cross-border bus and coach sector.

- *South African International Passenger and Freight Association*
- *South African Cross Border Bus Operators Association*
- *Greyhound*
- *Intercape*

At the request of C-BRTA, the associations and two operators named the alliance the, Cross-Border Bus Association of South Africa (CBBASA). CBBASA addressed a number of crucial issues for the cross-border bus industry e.g. illegal leasing of permits and vehicles, developing a policy for temporary permits over the festive season, registering of associations and operators, preventing the deregulation of the cross-border bus industry, international ranking issues etc.

C-BRTA has now encouraged the formalization of CBBASA and this matter is currently under discussion. Furthermore, CBBASA has also submitted a request for financial relief during the lockdown period to President Ramaphosa after the Department of Transport refused CBBASA's request. A formal complaint has also been lodged with the Competition Commission about preferential treatment of the taxi industry by the Department of Transport and the reluctance of the Departments of Transport and of Police to adequately address taxi intimidation.

5.9 Development of a Public Transport Subsidy Policy

Over the years the Department of Transport has commissioned several policy research studies to re-assess the rationale of public transport subsidies. The studies however were never converted into formal policy statements. Subsequently, it has become critical to develop a more comprehensive and formal policy on public transport subsidies as well as to address the needs and deficiencies in the system. To this end, the Department of Transport had embarked on preliminary consultation with stakeholders as part of the initial process of developing a Public Transport Subsidy Policy. The Consulting firm, Future of Transport, has been appointed and tasked to develop a new subsidy policy within a two-year time frame. SABOA was invited to a discussion on the 26 March 2019, to provide input, especially regarding the contract system on behalf of the bus industry. According to the Department the consultants will engage with stakeholders over the two-year period, thereafter the Department will determine the scope of their appointment. Representatives from Future of Transport were invited to the SABOA Annual Conference in July 2019, where they made a presentation on the project.

On 22 November 2019 a workshop on a future public transport subsidy took place at the CSIR where the principles underpinning user-side subsidies were discussed in some detail. Issues and opportunities regarding user-side subsidies were explored. SABOA remains very skeptical about the potential use of user side subsidies as opposed to the current public transport contracting system. There are, to the best knowledge of the Association, no large-scale use of user-side subsidies anywhere in the world that could be studied. Contracting public transport remains the main mechanism in most countries to compensate operators for the provision of social services as well as services priced below total operating costs.

5.10 National Public Transport Safety Plan

In September 2019, the Department of Transport published its National Public Transport Safety Plan for comments. SABOA commented extensively on the document and pointed out to the

Department that there was a fundamental flaw in the document in that the statistics that were mentioned in the plan were in respect of the transport industry as a whole instead of individual modes. The bus and taxi industries are two separate industries with different operating characteristics and if safety strategies are to be developed then it is crucial that the statistics should be separate for the two industries. Another area of concern is that some of the digital requirements they want to implement are only aimed at the bus industry and not the taxi industry.

5.11 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 2019 in various provinces to promote the RTMS system and to elaborate on the benefits for operators who are accredited. SABOA encourages its members to consider applying for RTMS accreditation as it has distinct benefits for operators and improves road safety.

5.12 Taxi Intimidation

Taxi intimidation continues to be a major challenge for the industry. We encourage our members to report all incidents of intimidation to the SAPS and to provide SABOA with details thereof so that it can also be addressed by the Association. Over the years SABOA has engaged with the various law enforcement departments, the Department of Transport and Department of Tourism appealing for assistance and intervention. Intimidation from the taxi industry is escalating and will have to be addressed by government as a matter of urgency. SABOA has also raised this issue in the Nedlac Rapid Response Transport Sub-Committee that was established to consider transport measures in response to the COVID-19 pandemic. It has found that taxi intimidation has become more profound due to the cost pressures on the industry as a result of a decline in passenger volumes due to the impact of the virus on employment and the general restrictions on the movement of people. As an industry representative body, it is a matter that resides on the top of our agenda and will be continued to be addressed at every opportunity with the relevant authorities.

5.13 Gauteng Small Bus Operators Council (GASBOC)

SABOA pursued engagements with representatives from GASBOC and the Gauteng Branch of the South African Small Bus Operators Council (SANSBOC) with the purpose of establishing closer

working relation between the two associations. We are pleased to announce that in August 2019 a Memorandum of Understanding (MoU) was signed between SABOA and GASBOC. We look forward to working together and representing the interests of the industry. SABOA will continue its efforts to conclude similar agreements with the other Branches of SANSBOC.

5.14 National Empowerment Committee

The SABOA Empowerment Committee was established in 2007 with the objective of identifying and facilitating business opportunities for SMME's countrywide. In 2017 the National Council decided that in order to enhance and expedite empowerment, Provincial Empowerment Committees need to be formed as they are more familiar with the empowerment opportunities available provincially. The Empowerment Committee has been renamed the National Empowerment Committee. Representatives from the newly formed Provincial Empowerment Committees in the Western Cape, Mpumalanga and Gauteng serve on the National Empowerment Committee. In 2019 an Empowerment plan was finalized and approved by the National Council. At the SABOA conference held on 31 July to 01 August 2019, a proposal was made in one of the breakaway sessions dealing with empowerment that SABOA needs to appoint a Task Team to look into the possibility of awarding 30% of all commuter contracts to SMME's and to make recommendations to the National Council. After approval by Council the recommendations need to be submitted to government. National Council approved of the proposal at its meeting on 01 August 2019. It was also resolved to co-opt the National Empowerment Committee onto the Task Team. The Task Team met on 01 October 2019 and again on 29 October 2019 and resolved to compile a discussion document in which various models for empowerment are outlined. The document is currently under discussion.

5.15 Driver Training Academy for the Bus Industry

The National Executive Committee of SABOA resolved to establish a Driver Training Academy for the bus and coach industry in South Africa. A Steering Committee was established to undertake some of the tasks required for the establishment of the Driver Training Academy. During the 2019 financial year, numerous engagements and exploratory work went into developing a business plan for the academy. The committee was unable to raise the funding required for the establishment of the academy and a decision to terminate the project was taken in August 2019. SABOA wishes to express its sincere appreciation to all members of the DTA Steering Committee for their dedication and perseverance over the three-year period.

5.16 SABOA Short-Term Insurance Scheme

The National Council of SABOA awarded a Short-Term Insurance scheme to Ibiliti Underwriting Managers in December 2014, for a five-year period. In January 2019, the SABOA Council took a decision to review the insurance offering and issued a Request for Bids in April 2019. Due to a disappointing response from relevant insurance service providers, it was resolved in October 2019 to follow a negotiated process instead of re-issuing a Request for Bids.

This initiative resulted in the appointment of a multi-party group which includes Ibiliti Underwriting Managers, Indwe Risk Managers, K3 Brokers, SHA and Guardrisk. The new scheme was envisaged to become operational on 01 April 2020 but due to the National Lockdowns as a result of COVID-19 from late March onwards, was only finally concluded during August 2020. The agreements are, however, backdated to the beginning of April 2020.

5.17 Appointment of Saboa Executive Manager

Mr Eric Cornelius, the Executive Manager of SABOA gave notice that he intended to retire at the end of the financial year. In response SABOA embarked on the process of appointing a new Executive Manager during the latter part of 2019. In December 2019, the Executive Committee of SABOA finalized the appointment of Mr Bazil Govender as the incoming Executive Manager of SABOA effective 01 January 2020. Mr Govender, comes with extensive experience of the bus and coach industry.

6. STAKEHOLDER ENGAGEMENT & TRAINING

6.1 Technical Committee Meetings

During 2019 the SABOA Technical Committee held five committee meetings. These engagements are hosted by our Associate members and attendance is open to all interested members. In addition, representatives from the SABOA Technical Committee participate in ongoing engagements with the NRCS, where technical and regulatory matters are addressed on behalf of the membership.

Meetings were held on the listed dates:

- 21 February hosted by Putco, Johannesburg
- 25 May hosted by 3M, Johannesburg
- 12 September, hosted by GABS & ZF, Cape Town
- 21 November, hosted by Voith Turbo

- 20 February 2020 at ZF in Germiston
- Matters addressed at the Technical Meeting & NRCS:
- Rear Axle Mass Weight Desktop Study
- Compulsory requirement on glass
- Sharing of Natis numbers
- Alternate Energy Vehicles
- Towing Capacity of buses
- Homologation
- Seating Certification
- Tilt testing
- Project Safer Vehicle 2025
- Various speakers on topical issues

6.2 Operations Committee Meeting

During 2019 the Operations Committee held three meetings. Attendance is open to all member operators. Operations Meetings were held on the below dates:

- 06 February 2019 at the SABOA offices in Fourways
- 15 May 2019 at the SABOA offices in Fourways
- 06 November 2019 at the SABOA offices in Fourways

The following matters were addressed by the Operations Committee:

- Stakeholder engagement: Department of Transport's Public Transport Safety Plan
- Driver Training Academy
- Operations Committee Terms of Reference
- DoT/SABOA Task team
- AARTO
- Amendments to the NLTA
- BRT Operations
- RTMS/PBS
- Separate Disks for vehicle Roadworthiness
- Various presentations on topical issues

6.3 Gauteng Bus Indaba

A Gauteng Bus Indaba was held on the 19 September 2019, at the NASREC Expo Centre, which was hosted in conjunction with the Automechanika and Futureroad Expo. SABOA representatives provided an overview on the Association activities for the year to date and presentations were delivered by Government representatives on the following matters:

- National Learner Transport Policy, Mr Elmon Maake, Department of Transport
- Opportunities and requirements for Bus Operators in the Cross-Border Bus Industry, Mr Sibulele Dyodo, Cross-Border Road Transport Agency
- Road Safety Education, Ms Marietjie Bekker, Road Traffic Management Corporation
- Process and requirements for the conversion of Permits to Operating Licenses, Mr Edward Ngqola, Gauteng Provincial Regulatory Entity

6.4 Western Cape Bus Indaba

A Western Cape Bus Indaba was held 07 November 2019 at the Protea Hotel, Durbanville in Cape Town. SABOA representatives presented overviews on the activities of the Association and presentations were delivered by Western Cape Government representatives on the following matters:

- Western Cape Government's Initiatives to Implement the Requirement for a 30% Set-Aside for Smme's in Bus Commuter Contracts, Mr Bonginkosi Madikizela, Western Cape MEC for Transport and Public Works
- Co-Operation Between the Western Cape Department of Education and Bus Operator Representative Bodies, Mr Paul Swart, Western Cape Department of Education
- The Role that the Bus Industry Can Play to Improve Road Safety in The Western Cape, Mr Kenneth Africa, Western Cape Department of Transport and Public Works

6.5 Engagement with External Stakeholders

During the year under review, SABOA held various engagements with the following external stakeholders.

- Minister of Transport
- MEC's for Transport
- National Department of Transport
- National Department of Tourism
- Provincial Departments of Transport
- National Treasury

- Parliamentary Portfolio Committee on Transport
- Gauteng Portfolio Committee on Transport
- Northwest Provincial Regulatory Entity
- Gauteng Provincial Regulatory Entity
- Road Traffic Management Corporation
- Tourism Business Council of South Africa
- SAPS
- C-BRTA
- Statistics South Africa
- Competition Commission

6.6 SABOA Skills Programmes for SMME'S

During the financial year the following training programmes were presented:

- RPL National Certificate: Professional Driving (learnership)
- FET Certificate: Road Transport Supervision (learnership)

6.7 Road Passenger Transport Management Diploma

In a joint venture between the University of Johannesburg and SABOA, 200 learners undertook the Road Passenger Transport Management Diploma. On behalf of SABOA we wish to express our appreciation to the University of Johannesburg for their support in this regard.

7. EVENTS & COMMUNICATIONS

7.1 Saboa Annual Conference and Exhibition

A two-day conference was held on 31 July and 01 August 2019 at the CSIR International Convention Centre in Pretoria. Approximately 400 delegates attended the conference. The conference was combined with an exhibition of products and services by 25 of SABOA's Associate members.

7.2 SABOA Dinner

The Gala dinner was held on the evening of 31 July 2019 at the CSIR International Convention Centre and was attended by 280 people.

7.3 SABOA Bus Magazine

The Association's official magazine, SABOA BUS, is a quarterly publication that has run for many years. In June 2019, the publisher Titan Publication ceased operations and SABOA is exploring alternative partnership to continue the publication of the magazine. A viable resolution was not reached by the end of this financial year.

7.4 SABOA Talk Newsletter

The SABOA newsletter, SABOA Talk, provides a monthly update on the activities of the Association. The newsletter is electronically distributed to all members monthly.

7.5 Digital Communications

The redesigned SABOA website is updated regularly and provides information and updates on the activities of the association. In addition, SABOA appointed a Social media consulting firm to develop and grow the SABOA social media platforms, Facebook, Twitter and Instagram.

8. ANNUAL STRATEGIC PLANNING

The annual strategic planning session was held on 30 and 31 January 2020 and hosted in the offices of Indwe Risk services in Houghton. The session was facilitated by Prof Walters.

The key strategic focus areas of previous workshops on SMME development, policy influence, relationships with government, safety and intermodal intimidation were confirmed as core focus areas of SABOA. The 2020 planning session therefore focused more “narrowly” on SABOA itself. Issues discussed during the planning session were grouped into SABOA finances, the SABOA insurance scheme, SABOA office accommodation, SABOA membership and the restructuring of its membership, the SABOA annual conference and SABOA training. Several resolutions were taken and adopted by Council following the planning session and are summarised as follows:

SABOA finances: SABOA need to further diversify its revenue streams

Insurance scheme: the revised scheme was supported and need to be implemented

Office accommodation: investigate a potential lowering of the office rental costs and exploring alternatives to the current office rental arrangement

Membership: a reduction in membership fees by looking at other revenue generating initiatives such as multi-party agreements with the supplier industry and training for category B members and payment flexibility

Annual conference and exhibition: to investigate alternative venues for the conference, refreshing the conference characteristics, regional conferences and to consider a driver of the year competition

Training: to undertake a skills need analysis to determine member training needs, B-BBEE enterprise development initiatives, offering of business skills by larger operating and associate members.

9. RESEARCH

The Gauteng Department of Roads and Transport decided to put some services out to tender in 2017/2018. These were the first contracts to be put out to competitive tendering in SA since 2001 and presented an opportunity to research the entire process and outcome. It was decided to focus on the Mamelodi contract for this research. The primary research objective was to investigate how bidding companies viewed the Mamelodi contract when tendering for the service. Secondary research objectives focused on the service design characteristics of the contract; to analyse the various bids with a view to understand how the bidders arrived at their respective bids; to determine the main risks that bidders factored into their bids when costing the service and to arrive at conclusions and to make recommendations on the future design of tender documentation. The tender was not awarded as the costs exceeded the available funds in the PTOG for the contract.

The following were some of the main findings that potentially led to high tender prices:

- The significant increase in subsidy requirements could be attributed, at least in part, to the fact that the Mamelodi service had been underfunded for a long time and thus did not reflect the true cost of operating the service by the incumbent operator. This service was first contracted in 1996 with no review of the structure of the escalation formula (the weightings of the respective cost elements) and with the introduction of the PTOG in 2009, it has been shown that the annual escalations did not reflect the typical cost of a commuter bus company.
- The lack of complete passenger information (and the lack of a guarantee about the accuracy of the information supplied) led to major estimated differences between the respective bidders, thus affecting their passenger revenue estimates and, in the end, resulting in varying needs for subsidies. More accurate passenger information could have reduced this revenue risk to more manageable levels. In addition, if the contract had some correcting mechanism in place to adjust passenger numbers once services had commenced, this particular risk could also have been more acceptable to bidders.
- Bidders had a major concern with the fact that for 24 of the 77 shifts no information was available and viewed it as an impossibility to conduct such surveys themselves (the contract was also put out to tender over the Christmas holiday season which made it impossible to verify passenger

numbers as many commuters were on leave). Estimates had to be made of all the revenue and cost factors for these shifts in their bid documentation.

- The lack of a cost escalation formula in the bid document and the inclusion of the PTOG grant as the mechanism of cost escalation, weighed heavily on the minds of the bidders, especially seeing that the contract would run over seven years.
- The setting aside of a portion of the contract (30%) for smaller operators via subcontracting and making it a pre-condition for the bid to be evaluated, was viewed as a major risk. Bidders had difficulty in putting these agreements in place (also bearing in mind the impact of the holiday period in December); in the end only one of the overall number of bidders met this pre-qualification requirement. Bidders also mentioned the cost of managing such sub-contractors while still taking responsibility for the overall contract; these costs were certainly costed into their bids resulting in higher subsidy requirements.
- One bidder was of the opinion that the scope of the tender design did not adequately cater for the growth of the Mamelodi area due to in-migration and that this could lead to major issues when the service commenced as such areas would be left without adequate services. This was seen as a major risk as communities could force the operator to render such services and that the operator would not be compensated for such services.

These aspects ought to be considered by contracting authorities in future, to obtain realistic tender prices and to attract a sufficient number of bidders. The research was presented at the 16th biennial Thredbo conference held in Singapore on 26 August 2019.

10. MEMBERSHIP

During the 2019 financial year, SABOA approved twenty-one applications for Principal membership and twelve applications for Associate membership.

The membership profile for the 2019 financial year was:

Principal members	:	494
Associate members	:	53

11. AUDITOR REPORT & FINANCIAL STATEMENTS

The financial statements of the Association were approved by the Executive Committee and Council and is available upon request for members of SABOA.

12. PERSONNEL

SABOA has been fortunate that it has not had many personnel changes over the years. This led to high levels of institutional memory and continuity of its operations. During the year, however, Mr Eric Cornelius, SABOA's Executive Manager, decided to retire at the end of the 2019/20 financial year after 31 years of loyal service to the Association. We wish to thank Eric for his dedicated service to the Association and industry over these many years and wish him a healthy and enjoyable retirement in the years ahead. Mr Cornelius was replaced by Mr Bazil Govender who joined the Association on 1 January 2020 as the new Executive Manager. We wish Mr Govender well in this new position and look forward in working with him. We also wish to thank all the staff of the Association for their valuable inputs and loyal service to the Association over the last financial year.

13. CONCLUSION

In conclusion, I would like to express the industry's appreciation to the previous Acting Director-General of the Department of Transport, Mr Chris Hlabisa, and the officials of the Department of Transport, especially Mr Lesiba Manamela for their efforts in addressing the way forward regarding the bus commuter contracting system.

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 Suveer Maharaj and Andrew Sefala 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 for their loyal support over the 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 as well as forming an important link in the public transport supply chain.