

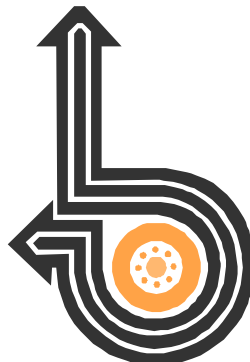
***SOUTHERN AFRICAN
BUS OPERATORS ASSOCIATION
(SABOA)***

2018/2019

***ANNUAL REPORT
OF THE COUNCIL***

Presented By

Prof J Walters



CONTENTS

VISION, VISION SUPPORTING VALUES, MISSION AND BRAND VALUES

1. INTRODUCTION

2. MANAGEMENT OF THE ASSOCIATION

3. SPECIFIC ISSUES DEALT WITH DURING 2018/2019

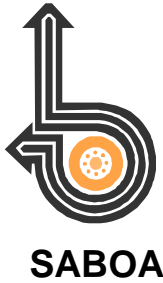
- 3.1 Policy Issues
 - 3.1.1 Review of the White Paper on National Transport Policy
 - 3.1.2 National Learner Transport Policy
 - 3.1.3 National Land Transport Policy
- 3.2 Public Transport
 - 3.2.1 Bus Commuter Contract System
 - 3.2.2 Subsidised Scholar Transport in Mpumalanga
 - 3.2.3 Tourist transport
- 3.3 SABOA Committees
 - 3.3.1 Technical Committee
 - 3.3.2 SABOA Operations Committee
- 3.4 Road Transport Management System
- 3.5 Driver Training Academy for the Bus Industry
- 3.6 Market Inquiry into Public Transport by the Competition Commission
- 3.7 Taxi Intimidation
- 3.8 Empowerment of SMME Members of SABOA
- 3.9 Training
 - 3.9.1 SABOA skills programmes for SMME's
 - 3.9.1.1 Advanced scheduling (skills programme)
 - 3.9.1.2 RPL National Certificate: Professional Driving (learnership)
 - 3.9.1.3 FET Certificate: Road Transport Supervision (learnership)
 - 3.9.2 Road Passenger Transport Management Programme
- 3.10 Cross Border Issues
- 3.11 SABOA Short-Term Insurance Scheme
- 3.12 SABOA Bus Indabas
- 3.13 Strategic Planning Workshop of the Council

- 3.14 Alignment of the Bus Sector Charter to the Amended DTI Codes of Good Practice
- 3.15 Wage Negotiations
- 3.16 Conference and Exhibition/Gala Dinner
- 3.17 SABOA Initiatives
- 3.18 Comments on Policy/Legislation/SABS Reports
- 3.19 Liaison with Stakeholders
- 3.20 External Committees/Meetings
- 3.21 SABOA Services/Benefits
- 3.22 New Members

3 SABOA MAGAZINE/NEWSLETTER

4 REPORT FROM THE AUDITOR TO THE MEMBERS OF SABOA

5 PERSONNEL



Southern African Bus Operators Association

VISION

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

VISION SUPPORTING VALUES:

- The industry is committed to provide a safe and efficient bus transport service, which meets or exceeds stakeholders' expectations. Efficiency of the transport system will be actively promoted;
- SABOA is committed to national priorities such as social responsibility, road safety and HIV/AIDS prevention;
- SABOA strongly supports transformation of the bus industry;
- SABOA strives to contribute positively to making the ownership profile of bus operators more representative of the wider South African society;
- SABOA supports the constructive introduction of more bus operators from previously disadvantaged communities into the main stream of the formal bus industry in South Africa;
- SABOA recognises that SMME bus operators form an integral part of bus transport services;
- SABOA advocates cooperation and sharing of expertise and solutions among members;
- All strategic efforts are directed towards building a viable and sustainable bus industry;
- As a cornerstone of the vision, SABOA is committed to a professional conduct towards all stakeholders;
- SABOA is committed to marketing and the promotion of the Association and the industry;
- SABOA actively supports modal integration;
- SABOA is committed to provide specialist support to its members;
- SABOA is committed to represent all bus operators;
- SABOA strives to contribute positively towards the social upliftment of its members and its employees.

MISSION

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

VALUES (INTERNAL)

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

BRAND VALUES (EXTERNAL)

- Informed
- Committed
- Driven

ANNUAL REPORT: 2018/2019

1. INTRODUCTION

Before highlighting the main activities of the Association over the past financial year, I would like to express the industry's appreciation to the Acting Director-General of the Department of Transport, Mr 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 Andrew Sefala and Suveer Maharaj as well as the Chairpersons of the SABOA Provincial Branches for representing SABOA at various forums throughout the year. A special word of appreciation is also addressed to the National Council and National Executive Committee of SABOA who are always willing

to participate in committees, meetings and workshops, and for their guidance and leadership over the past year.

We wish to thank the Associate Members of the Association for their loyal support over many years. Their support stretches much wider than providing sponsorships for events such as the SABOA conference. They also provide a great deal of expertise to the Association through their participation in the SABOA Council, Technical Committee, meetings and workshops as well as forming an important link in the public transport supply chain.

During the 2018/2019 financial year SABOA continued to represent the industry on several important matters related to the bus industry. Numerous meetings and discussions took place with persons and bodies involved in the industry.

This Report is not a complete report of all the activities of SABOA, but it highlights the more important activities dealt with by the Association and reports on the progress made in this regard.

2. MANAGEMENT OF THE ASSOCIATION

The following Members were elected to the National Council and the National Executive Committee for the term 2017-2021.

2.1 Council Members

2.1.1 Elected Members

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

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

- **Category B (30+ buses)**

Messrs	A Sefala	IpelegengTransport Trust (President)
	A R Komane/	

B Ditshego	NTI
M H Heyns	Putco
F E Meyer	Golden Arrow Bus Service
T Murugan	South Coast Bus Service
D Masango	Themba lethu Bus Service
D Gwabeni	Mayebuye Transport Corporation
C Ramathe	Maluti Transport
E Motshwane	Piotrans
F Morelli	Unitrans Passenger

- **Associate Members**

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

2.2 **Executive Committee Members**

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

Mr Komane retired on 30 November 2018 and was replaced by Mr Ditshego.

2.3 **Council/Exco/General Meetings**

The following meetings were held in 2018/2019:

25 January 2018	:	Special Exco meeting
25 January 2018	:	Exco/Council meeting
04 April 20178	:	Exco meeting
31 May 2018	:	Exco/Council meeting/AGM
18 July 2018	:	Exco/Council meeting
27 September 2018	:	Exco/Council meeting
15 November 2018	:	Exco meeting
24 January 2019	:	Special Exco meeting
24 January 2019	:	Exco/Council meeting

3. SPECIFIC ISSUES DEALT WITH DURING 2018/2019

3.1 POLICY ISSUES

3.1.1 Review of the White Paper on National Transport Policy

In the Annual Report of the Council for the 2017/2018 financial year, I reported in detail on the process of the Department of Transport to review the White Paper on National Transport Policy as well as elaborated on SABOA's comments on the draft White Paper.

The draft White Paper on National Transport Policy is still in the Parliamentary process and is expected to be concluded in the second half of 2019.

3.1.2 National Learner Transport Policy

The National Learner Transport Policy came into operation on the date of publication in the government gazette number 39314 of 23 October 2015 and has therefore been in operation for more than three years.

The main objectives of the policy are as follows:

- To have a uniform approach to the transportation of learners.
- To ensure effective management of the transport system.
- To increase learners' access to education.
- To address the safety and security of learners.
- To provide a framework for monitoring and evaluation of learner transport services.
- To ensure operational sustainability and model integration.

Although one of the objectives of the policy is to effectively manage the learner transport system, there has been no improvement since the introduction of the policy regarding the following issues:

- Late payment of monthly claims of learner transport operators.
- Effectively dealing with additional learners who require transport as this results in the overloading of buses.
- Inadequate remuneration rates being paid to learner transport operators.
- No provision in learner transport contracts for an annual increase in the remuneration rate to compensate learner transport operators for inflationary increases.
- Some provinces are moving away from the procurement principle to support SMME's.

The policy is also silent on the following:

- Time frames for the completion and implementation of the institutional structures and other responsibilities to ensure full implementation of the policy.

- A maximum walking distance for learners, especially primary school learners. This is essential in view of the long distances that, especially, rural learners currently have to walk to school on a daily basis and for the safety and security of these learners.

The policy also provides for a shared responsibility for learner transport at national and provincial level between departments of transport and departments of education and this is hampering the effective implementation and management of the policy. It is SABOA's view that learner transport should be the responsibility of the department of transport as they are better equipped to effectively manage learner transport.

SABOA has followed a consultative process among its provincial structures to comment on the National Learner Transport Policy and will be submitting its comments to the National Department of Transport and National Department of Education for consideration.

3.1.3 National Land Transport Act

At the 2018 bus indabas held in the provinces of Limpopo, Mpumalanga and North West, workshops were conducted on the National Land Transport Act with specific attention being given to operating license issues. The following issues were raised by members:

- Applications are not finalized in line with regulation 8.1 of the National Land Transport Regulations which determines that it must be concluded within 60 days.
- One vehicle per application is an administrative burden and very costly for especially operators with large fleets.
- Temporary operating licenses should not only be available for charter services.
- Conversion of permits to operating licenses is taking too long.
- An operating license should be required for educational institutions who transport learners on excursions.
- Delays are experienced with the signing of operating licenses.
- Delays are caused through Regulatory Entities not paying the government printer for publications. Applications are therefore not published, and this results in delays.
- Grant letters specify that the required documentation of the vehicle must be submitted within 60 days. This period is too short as it is not possible to purchase a vehicle within 60 days.
- Due to the late issuing of extension letters for contracted services by contracting authorities, Regulatory Entities cannot renew the operating licenses of contract operators in time to continue their services legally.

The above issues have been problematical for the industry for many years, and efforts to address these concerns with Regulatory Entities have been unsuccessful. SABOA therefore resolved to compile a discussion document outlining the issues together with proposed solutions. The discussion document is currently under discussion by

SABOA's provincial structures where after it will be finalized and submitted to the Department of Transport for consideration.

3.2 **PUBLIC TRANSPORT**

3.2.1 **Bus commuter contract system**

Since the introduction of the Division of Revenue Act (DORA) regime in 2009 bus commuter contract operators have been experiencing serious financial challenges. Over the years this has escalated to such an extent that if these financial challenges are not addressed urgently, it could result in the collapsing of these companies.

At the heart of the financial crises is the impact that DORA has had on the financial well-being of the contract commuter bus industry. National Treasury decides what the annual increase in the DORA supplementary grant (Public Transport Operations Grant) will be and expects that provincial governments will supplement these amounts from their provincial budgets. With a few exceptions (Limpopo, North West and the Eastern Cape), provincial governments do not budget for the difference between the DORA supplementary grant and the actual cost of operating these bus services, based on the escalation formulae in the respective contracts.

The contract commuter bus industry has experienced major increases in, amongst other, labour and fuel costs over the period 2009/10 to 2018/19. The interim contract escalation percentages which operators should have received in terms of the contract escalation are also significantly higher than the actual DORA supplementary grant percentage allocation that operators received.

Other factors which contribute to the current financial crises are the following:

- The escalation in the interim contracts is calculated in arrears i.e. on the costs the operators experienced in the previous year.
- Short-term contracts are causing a great deal of uncertainty in the contract commuter bus industry and hamper longer term capital investment decisions in companies e.g. upgrading/replacement of buses, building of new depots, upgrading of ticketing equipment etc.
- Increased urbanization results in the expansion of existing residential areas and operators are "forced" by communities to expand their services to these areas without remuneration from government. The World Bank estimates that in the next 25 years and additional 500 million people will be living in African cities.

The current situation is not financially sustainable and will cause all contract commuter bus companies to eventually fail. Some companies have already closed down certain of their off-peak social services, retrenched staff and handed back some of their contracts to the contracting authority due to the fact that it is not sustainable in an attempt to reduce costs. Furthermore, if the current situation is allowed to continue unchanged, it will not only compromise service quality, road safety, condition of fleets, training of drivers and technical staff and adhering to all legal requirements to operate

but will eventually result in the closure of these companies. But most of all, it will affect a large percentage of the population who are dependent on affordable, safe and reliable public transport for their mobility needs as well as result in large scale retrenchments.

In order to address the underfunding of the bus commuter contract system and contractual issues such as the escalation formula and the short-term nature of the contracts, SABOA introduced the following strategy:

- A meeting was arranged with National Treasury for 21 June 2018 during which SABOA highlighted the industry's labour and fuel cost increases since 2009 as well as made a comparison between the DORA supplementary grants and the increases operators would have received if the escalation formula in their contracts had been applied.
- A letter highlighting the funding and contractual issues was addressed to President Ramaphosa on 20 July 2018.
- On 14 August 2018 SABOA met the Acting Director-General of the Department of Transport to emphasize the financial crises in the bus commuter contract industry as well as the contractual issues mentioned above.
- SABOA met with the Minister of Transport, Dr Nzimande, on 20 November 2018 during which it was agreed to establish a Task Team to address the underfunding and contractual issues. It was also agreed that the Task Team should meet with National Treasury.
- A meeting with National Treasury was arranged for 13 February 2019 during which the following way forward was agreed upon:
 - National Treasury will liaise with provinces to supplement the DORA supplementary grant.
 - The escalation formula in contracts is a provincial matter and needs to be addressed with provincial departments of transport.
 - The National Department of Transport must address short-term interventions to assist the industry.
 - National Treasury is not opposed to negotiated contracts as it is provided for in the National Land Transport Act (NLTA) and provinces can exercise this option once only.
- The Task Team met on 26 March 2019 to discuss the following short-term interventions:
 - Allow operators to rationalize their services i.e. to reduce the annual kilometers operated in their contracts, thus allowing for a higher more sustainable rate per kilometer to ensure more sustainable operators.
 - Apportion a part of the Public Transport Network Grant (PTNG) to the Public Transport Operations Grant (PTOG)-funded services to stabilize the conventional bus industry, allow for its expansion and fleet renewal and to accommodate set-asides.
 - Establish a strategy for involving SMME's in the formal public transport industry whilst recognizing the challenges that SMME's would experience in participating.

- In the Task Team meeting of 26 March 2019, the Department of Transport said that contracting authorities will not allow the rationalization of services. The Department of Transport further advised that the PTNG funds are paid directly to municipalities and the Department has no control over the spending of these funds. They are, however, in discussion with municipalities to reduce the spending on BRT infrastructure. Any possible savings in this regard could then be used to conclude new contracts with PTOG-funded operators in the area.

In view of the fact that the Task Team was appointed by the Minister, a report needs to be compiled by the Task Team to report back on the meeting with National Treasury and the outcome of the Task Team meeting to find short-term interventions for the issues in the industry. This matter will be raised with the Department.

3.2.2 Subsidised Scholar Transport in Mpumalanga

SMME scholar transport service providers in the Gert Sibande District Municipality are unhappy with the “Purchase Operate Transfer (POT)” contract model that was introduced by the Department of Public Works, Roads and Transport in this region. The reasons for the unhappiness of SMME bus operators are as follows:

- Many SMME bus operators are no longer operating due to the introduction of the POT model.
- The SMME bus operators who are operating have been reduced from main contractors to sub-contractors.
- The POT model is regarded by SMME’s as a means to disempower SMME bus operators.

The Mpumalanga Department of Public Works, Roads and Transport put scholar transport services in the Ehlanzeni and Nkangala areas out to tender in June 2017. This tender was similar to the model in the Gert Sibande District Municipality. SMME service providers were extremely upset about this development and after SABOA’s intervention with the Mpumalanga Provincial Legislature, the tender was withdrawn in November 2017.

New tenders were again advertised in March 2018 and after discussions between the Department and scholar transport service providers, the matter was amicably resolved.

In a meeting with the MEC for Transport in August 2018, the MEC introduced the “60/40 rule” to the Mpumalanga PEC. Our understanding of this model is that 60% of scholar transport services in an area will be awarded to an established operator and 40% to SMME’s. Clarity from the MEC regarding our interpretation is still being awaited from the MEC.

3.2.3 Tourist Transport

In terms of the National Land Transport Act (NLTA), tourist transport services are regulated by the National Public Transport Regulator (NPTR) in terms of an accreditation system.

The Minister of Transport gave notice in the government gazette that the NPTR would undertake the following functions:

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

Applications for interprovincial services for buses and taxis must still be made to the relevant Provincial Regulatory Entities (PRE's) until such time that the Minister of Transport publishes a notice in the government gazette giving notice that the NPTR will commence undertaking this function.

The official establishment of the NPTR has to some extent alleviated some of the difficulties that tourist transport operators experienced at Provincial Regulatory Entities. Some operators are however experiencing delays in the finalization of their applications for operating licenses whilst others have concerns regarding requirements such as the letters of recommendation, area of operation and introducing additional vehicles. These matters are being addressed with the NPTR.

3.3 SABOA COMMITTEES

3.3.1 Technical Committee

During the past financial year, the Technical Committee held its meetings on the following dates:

- 21 February 2018 at the Indaba Hotel, Fourways;
- 16 May 2018 at Mercedes-Benz, Zwartkop, Centurion;
- 18 July 2018 at the CSIR International Convention Centre, Pretoria;
- 16 October 2018 at Emperor's Palace, Kempton Park;
- 21 February 2019 at Putco in Sandton.

The following issues were discussed by the Technical Committee:

- Rear axle mass limits for buses;
- Compulsory requirement on glass;
- Rollover protection for city buses;
- Towing capacity of buses;
- Alternate energy
- Tilt tests
- Mass limits for passengers
- Various speakers on topical issues

3.3.2 **Operations Committee**

During the 2017/18 financial year, the Operations Committee met on the following dates:

- 07 February 2018 at the SABOA offices in Fourways ;
- 16 August 2018 at the SABOA offices in Fourways;
- 31 October 2018 at the SABOA offices in Fourways

The following issues were dealt with by the Operations Committee:

- Stakeholder engagement: Department of Transport's Public Transport Safety Plan;
- Driver Training Academy;
- Taxi intimidation;
- Contracts and contract renewals;
- AARTO update;
- Competition Commission Inquiry update
- BRT operations
- RTMS/PBS
- Operating licenses
- Various presentations on topical issues

3.4 **ROAD TRANSPORT MANAGEMENT SYSTEM**

In view of the importance of road safety for the industry, the National Council of SABOA resolved to adopt the Road Transport Management System (RTMS) and to encourage its members to apply for the accreditation of the RTMS system.

RTMS is an industry-led, government supported, voluntary, self-regulation scheme that encourages road transport operators to implement a management system (SANS 10399:2012) with outcomes that improve road safety.

A number of workshops were held in 2018 in various provinces to promote the RTMS system and to elaborate on the benefits for operators who are accredited. A number of RTMS workshops have already taken place in 2019 and this will continue throughout the year.

SABOA wishes to encourage its members to consider applying for RTMS accreditation as it has distinct benefits for operators and improves road safety.

3.5 **DRIVER TRAINING ACADEMY FOR THE BUS INDUSTRY**

As was reported in the 2017/18 Annual Report, the National Executive Committee of SABOA resolved to establish a Driver Training Academy for the bus and coach industry in South Africa, based on international standards.

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

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

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

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

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

The “request for proposals” process was re-introduced and in line with the revised scope of the terms of reference, Mr Malherbe was appointed to compile the business plan. The business plan has been completed and was approved in principle by the National Executive Committee of SABOA on 28 March 2019. Companies are being identified and will be approached shortly to secure funding for the Driver Training Academy.

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

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

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

The market inquiry covers the following issues:

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

Over and above the “Call for Submissions” on 13 July 2017, the Competition Commission, as part of its evidence-gathering phase, issued a further request for submissions in April 2018. SABOA again submitted a submission and also made a presentation at one of the Competition Commission’s public hearings on 06 June 2018 in Johannesburg. Public hearings were also held in other provinces between June 2018 and August 2018.

Some of the Competition Commission’s preliminary observations are as follows:

- State of competition in commuter bus services:
 - Competition between commuter buses is very limited. It occurs between subsidized and unsubsidized buses but very few regions experience this.
 - Operators without subsidies are generally not keen to compete with subsidized operators due to the latter’s competitive edge.
 - Consequently, subsidized routes are largely serviced by subsidized operators.
- Emerging issues in commuter bus services:
 - Current subsidy allocations for subsidized bus services are not sufficient to cover their costs and be profitable.
 - The current contracting system is not responsive to changing needs and patterns of commuters.
 - Some of the challenges with incorporating small bus operators into the current regime include access to finance to purchase buses and infrastructure such as depots.
 - Commuters have raised concerns about the lack of communication, increasing fares, safety and aging fleets.
- State of competition in intercity bus services:
 - The market is characterized by fierce price competition

- There are potential anti-competitive practices:
 - Allegations of excessive pricing during peak seasons. Operators charge high prices to the detriment of commuters.
 - There is potential exploitation of licensing regulations by some of the large operators.
 - Lack of limited access to essential bus terminal facilities by PRASA.
 - PRASA has allegedly refused to give some new entrants office space and loading bays.
 - Access fees at Johannesburg Park Station are high and prohibitive.
- Emerging issues in the intercity bus services:
 - High cost of financing of buses and access to capital for new entrants.
 - Lack of regulatory oversight by PRE's resulting in certain routes being overtraded. This, in turn, results in price wars and conflict.
 - Allegations of undercutting of ticket prices by some operators to drive out small players from the market e.g. the Johannesburg-Durban route.

Upon completion of the inquiry, a report will be published in the government gazette and must be submitted to the Minister of Economic Development with or without recommendations, which may include, but is not limited to:

- Recommendations for new or amended policy, legislation or regulations.
- Recommendations to other regulatory authorities in respect of competition matters.

Based on the information obtained by the Competition Commission, it may:

- Initiate a complaint and enter into a consent order with any respondent.
- Initiate a complaint against any company for further investigation.
- Initiate and refer a complaint directly to the Competition Tribunal without further investigation.
- Take any other action in terms of the Act, recommended in the report of the inquiry.
- Take no further action.

It is expected that the Competition Commission will conclude its inquiry in the course of the year.

3.7 **TAXI INTIMIDATION**

In the 2017/18 Annual Report I elaborated extensively on all the steps that SABOA had taken to address taxi intimidation over the past number of years.

In 2018 SABOA continued with its efforts to have the intimidation of bus operators by taxi operators addressed. These efforts included inter alia the following:

- Encouraging its members to report all incidents of taxi intimidation to the SAPS and to provide SABOA with such information. Generally, SMME operators that experience the most incidents of taxi intimidation are reluctant to report such incidents to the SAPS due to threats from taxi operators.

- Incidents of taxi intimidation on large operators such as Gauteng Coaches and Vaal Maseru Bus Services were addressed by SABOA. In these two instances, good co-operation was received from the authorities such as the SAPS, local authorities and the Cross-Border Road Transport Agency.
- Incidents of taxi intimidation on Molaba Hawk Coaches are currently being addressed by SABOA;
- A meeting was held with Minister Maswanganyi on 12 December 2017 during which the Minister confirmed that he was prepared to deal with taxi intimidation. Shortly after this meeting Minister Maswanganyi was replaced by Dr Nzimande;
- SABOA requested a meeting with Minister Nzimande and met with him on 20 November 2018.
- Minister Nzimande proposed the following to address taxi intimidation:
 - Identify the taxi intimidation hotspots;
 - Conclude a Memorandum of Understanding (MoU) between the bus and taxi industry to address the intimidation;
 - Arrange a tripartite meeting between the Department of Police, Department of Transport and SABOA to address this matter;
 - To meet the MEC for Transport in the Free State and thereafter with the Lesotho Minister of Transport to address the intimidation at the Lesotho border.

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

3.8 **EMPOWERMENT OF SMME MEMBERS OF SABOA**

SABOA fully supports the empowerment of SMME bus operators and this is evidenced by the following:

- The SABOA constitution was amended in 2003 to give effect to this view;

An Empowerment Committee consisting of Council members was appointed to identify and facilitate business opportunities and to promote the empowerment of SABOA's SMME members countrywide. This was a daunting task as the Empowerment Committee had to travel throughout South Africa whilst managing their own businesses or managing the businesses of their employers.

In order to address the abovementioned problem and to enhance the empowerment of SMME's the SABOA Council resolved to:

- Rename the Empowerment Committee to the National Empowerment Committee; and
- Appoint Provincial Empowerment Committees with the following terms of reference:

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

At a workshop held on 11 October 2018, the National Empowerment Committee together with the representatives of the Provincial Empowerment Committees of the Western Cape, Mpumalanga and Gauteng, resolved to compile an Empowerment Plan for SABOA.

Good progress has been made in finalizing the Empowerment Plan where after it will be forwarded to the Provincial Empowerment Committees for implementation.

SABOA also subscribes to Tender Scan and throughout the year, as and when tender opportunities became known to SABOA, members are made aware of these opportunities.

Members are also invited to contact the Chairperson of the National Empowerment Committee, Mr Sidwell Nche, should they wish to discuss empowerment initiatives which could be investigated by the one of the Provincial Empowerment Committees.

3.9 **TRAINING**

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

During the past two financial years the following training programmes were presented:

- 3.9.1.1 Advanced scheduling (skills programme)
- 3.9.1.2 RPL National Certificate: Professional Driving (learnership)
- 3.9.1.3 FET Certificate: Road Transport Supervision (learnership)

These training programmes have been concluded and we wish to express our sincere appreciation to the Transport Education and Training Authority (TETA) for making

funds available for such a worthy cause and to the Service Provider, LearnCorp, for the training they conducted on behalf of SABOA.

Funding for a skills programme in Transport Management was approved by TETA in 2018 and LearnCorp will start with the training shortly. The skills programme will cover the following areas:

- Develop a business plan for a small business
- Investigate the possibility of running a small business
- Apply basic business principles
- Manage finance for a small business
- Conduct costing and budgeting
- Demonstrate basic understanding of primary labour legislation that impacts on a business unit
- Institute disciplinary action

3.9.2 **Road Passenger Transport Management Diploma**

In a joint venture between the University of Johannesburg and SABOA, 200 learners were trained on this programme during 2018. On behalf of SABOA we wish to express our appreciation to the University of Johannesburg for their support in this regard.

3.10 **CROSS-BORDER ISSUES**

Bilateral agreements which regulate cross-border transport exist between South Africa and Zimbabwe, Zambia, Mozambique, Malawi, Botswana and Swaziland and a number of committees have been established by the Cross-Border Road Transport Agency to:

- monitor carriers on the routes;
- promote efficient law enforcement on the routes;
- exchange information pertaining to the routes;
- determine passenger transport needs;
- execute such other functions as may be determined by the committees.

SABOA is represented on these committees.

SABOA is actively involved in the meetings of the C-BRTA and during 2018 again raised pertinent issues which had been outstanding for some time. These issues relate to the following:

- In discussions with the C-BRTA, SABOA emphasized that in view of the fact that most cross-border routes are long-distance routes, the bus industry should form the backbone of the cross-border industry and not the taxi industry. Taxi-type vehicles are not designed for long-distance routes whilst buses are designed for such routes;

- The C-BRTA needs to find a scientific methodology to regulate market access. This will assist in avoiding the overtrading of routes as is currently the case in the cross-border taxi industry;
- The Lesotho border issue which involves taxi operators from South Africa and Lesotho, and which also affects bus services have been under investigation for a long time without finding a solution. It is for this reason that SABOA raised the matter with the Minister of Transport on 20 November 2018.
- SABOA commented on the C-BRTA's proposed policy reform document which addresses the possibility of introducing restrictions on the distances that the different modes may travel in order to enhance safety;
- SABOA commented on the C-BRTA's dual permit policy;
- SABOA also commented on the C-BRTA's application for an increase in permit fees.

The three bus associations involved in cross-border activities i.e. SAIPFA (South African International Passenger and Freight Association), SACBBOA (South African Cross Border Bus Operators Association) and SABOA resolved in October 2018 to form an alliance in order to collectively address issues in the industry with the Cross-Border Road Transport Agency (C-BRTA).

The alliance resulted in a Memorandum of Understanding (MoU) being concluded between the three associations as well as an MoU being concluded between the associations and the C-BRTA. It is evident that the alliance between the associations are having the desired effect in that issues are being addressed more vigorously and the C-BRTA is mindful to attend to these issues.

3.11 **SABOA SHORT-TERM INSURANCE SCHEME**

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

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

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

3.12 **SABOA BUS INDABAS**

In order to inform members of the developments in the bus industry and to conduct a workshop on the National Land Transport Act with specific reference to operating licenses, bus indabas were arranged as follows:

- Limpopo Bus Indaba: Polokwane: 16 August 2018
- Mpumalanga Bus Indaba: White River: 28 August 2018
- North West Bus Indaba: Klerksdorp: 06 September 2018

Unfortunately, due to financial constraints beyond the control of the Association, the bus indabas planned for Gauteng, the Free State and Northern Cape, Western Cape, Eastern Cape and KwaZulu-Natal had to be postponed to 2019.

All the Bus Indabas/strategic planning workshops were well attended, and it will be repeated on the same basis in the second half of 2019.

3.13 **STRATEGIC PLANNING WORKSHOP OF THE COUNCIL**

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

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

Flowing from the resolutions taken at the strategic planning workshop, SABOA appointed a media specialist to develop press releases on topical issues on a monthly basis and to also develop social media posts to raise SABOA's profile in the media. Starting at a zero base in May 2018, the growth up to March 2019 is as follows:

- Facebook: 9924 likes
- Instagram: 676 likes
- Twitter: 645

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

In the 2017/18 Annual Report I reported extensively on the process that SABOA followed to align the Bus Sector Charter to the amended DTI Codes of Good Practice.

This process came to a halt in 2017 when the term of office of the members of the Charter Council expired in April 2017. Although the Department of Transport followed

a process to appoint new members, it has to date not been concluded.

There is also no feedback from the Department of Transport regarding the way forward.

3.15 **WAGE NEGOTIATIONS**

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

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

3.16 **CONFERENCE AND EXHIBITION / GALA DINNER**

A two-day conference which consisted of a plenary session and parallel sessions was held on 18 and 19 July 2019 at the CSIR conference centre in Pretoria. The conference was combined with an exhibition of products and services by **20 of SABOA's Associate members.**

The conference was attended by 410 delegates whilst all of the 71 exhibition stands inside the venue were occupied by exhibitors. A variety of buses and coaches were also displayed in front of the venue.

SABOA would like to express a special word of appreciation to its Associate members for their loyal support of the conference and exhibition for many years. A special thank you goes to Ibiliti Underwriting Managers who was the Platinum Sponsor for the past three years for their initiatives and support of the conference. We also wish to thank our Principal members for attending the event in large numbers.

The Gala dinner was held on the evening of 18 July 2018 at the CSIR International Convention Centre and was attended by 300 people.

3.17 **SABOA INITIATIVES**

- In order to enhance the image and effectiveness of SABOA, the National Council resolved to develop a set of meeting rules which is applicable to all elected committees in SABOA. These meeting rules will guide all elected committees at a national and provincial level in matters such as attendance at meetings, leave of absence during meetings, quorums, sanction of non-

attendance and dealing with members who contravene the rules. The meeting rules are reflected as Bye-Law no 5 in the constitution.

- A Memorandum of Understanding (MoU) has been concluded between the Road Traffic Management Corporation (RTMC) and SABOA in terms of which the RTMC will conduct driver training programmes among SABOA members. This will take effect in the course of 2019.
- As reported in the 2017/18 Annual Report, SABOA also approached SANSBOC to discuss closer co-operation between the two associations. A meeting was held on 22 November 2017 between the two associations during which various issues were discussed, especially the participation of SMME's in the bus commuter contract system. It was agreed to have a follow-up meeting on the way forward for the two associations. SANSBOC followed an election process in 2018 which was only concluded in December 2018 and it is expected that a meeting will be held in the course of 2019.

3.18 **COMMENTS ON POLICY/LEGISLATION/SABS REPORTS**

- Various SABS Reports;
- Amendments to the Road Traffic Regulations;
- AARTO Amendment Bill;
- Draft Dual Permit Policy Document of the C-BRTA;
- Draft Policy Reform Document of the C-BRTA;
- C-BRTA's application for an increase in permit fees;
- White Paper on National Transport Policy;
- National Learner Transport Policy;
- Transport Appeal Tribunal Amendment Bill

3.19 **LIAISON WITH STAKEHOLDERS**

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

- Minister of Transport;
- Various MEC's for Transport;
- National Department of Transport;
- National Department of Tourism;
- Various Provincial Departments of Transport;
- Parliamentary Portfolio Committee on Transport;
- Gauteng Portfolio Committee on Transport;
- Northwest Provincial Regulatory Entity;
- Gauteng Provincial Regulatory Entity;
- Public Protector;
- Road Traffic Management Corporation;
- Tourism Business Council of South Africa;
- SARPBAC.

- SAPS
- C-BRTA
- National Treasury
- Department of Energy
- Statistics South Africa
- Mpumalanga Legislature
- Competition Commission

3.20 **EXTERNAL COMMITTEES / MEETINGS**

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

- White Paper consultative forum;
- City of Tshwane's TRT Committee;
- City of Tshwane Intermodal Committee;
- City of Nelspruit BRT Committee;
- COJ Passenger Forum;
- SANRAL;
- C-BRTA Passenger Forum meetings;
- National Tourism Stakeholder Forum;

3.21 **SABOA SERVICES/BENEFITS**

Information was given to a number of SABOA Members in 2018/19 on matters such as:

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

3.22 **NEW MEMBERS**

During the 2018/19 financial year, SABOA approved 42 applications for Principal membership and 7 applications for Associate membership. The current membership profile of SABOA is as follows:

- | | | |
|---------------------|---|-----|
| • Principal members | : | 932 |
| • Associate members | : | 51 |

4. SABOA MAGAZINE / NEWSLETTER

The Association's official magazine, SABOA BUS, was published quarterly. From reports it is evident that this publication is well received. On behalf of SABOA we wish to thank Titan Publications for a job well done.

The SABOA monthly newsletter, SABOA Talk, is also printed by Titan Publications. We wish to thank Titan Publications for their loyal support.

5. REPORT FROM THE AUDITOR TO THE MEMBERS OF SABOA

The audited financial statement for the 2018/19 financial year will be tabled at the meeting of the National Council this afternoon, where after it will be available to members for inspection at the offices of SABOA.

6. PERSONNEL

I would like to thank each and every staff member of SABOA for their support and loyalty throughout the year. Without their dedication and perseverance, SABOA would not be able to function the way it does.

I Thank You

J Walters
01 August 2019