IMPACT OF COVID-19 ON BUS AND COACH INDUSTRY

PREPARED BY SABOA FOR TRANSPORT FORUM SIG
THURSDAY 04 JUNE 2020
CONTENT

• SABOA and Overview of the Industry
• Stakeholders
• Impact on Industry and Sub Sectors
• Financial Relief Measures
• Safety and Hygiene Protocols
• Measures Under Review
• Commuter Communications
• Closing Remarks
SABOA INDUSTRY OVERVIEW

- The bus and coach industry in South Africa provides mobility to millions of citizens daily, who are dependent on public transport.
- There are approximately 25,000 buses and coaches in the industry in South Africa of which about 19,000 are involved in formal public transport activities.
- Available statistics indicate that 80 percent of South Africa’s population is totally dependent on public transport (bus, coach, commuter rail and taxis) for its mobility needs.
- The Industry can be categorized into sub sectors that primarily service segmented markets or contracts but also overlap in service provision.
- The main funded public transport sector is the Contracted Commuter Transport sector.
- There are also the sectors for Scholar or Learner Transport / Tourism Transport / Charter Services / Long Distance (Inter City) / Cross Border Transport.
- SABOA is active in representing approximately 700 Industry Member Companies made up of around 640 Principal Members and 60 Associate Members.
- 95% of the Principal Members are SMME Constituents.
- SABOA is active in policy formulation / lobbying causes and promotion of the Industry issues and has done so since 1980.
AFFECTED STAKEHOLDERS IN PUBLIC BUS TRANSPORT

• Commuters
• Employees
• Employers
• Passenger Transport Forums
• Labour
• Bus Industry
• Government (National / Provincial / Municipal / District)
• CSD Approved Vendors
• Service Providers to the Industries
• Schools and universities
OVERVIEW CONTRACTED COMMUTER BUS SERVICES

• Is the subsidized services operated on behalf of Government.
• Has approximately 7500 buses generating about 450m passenger trips per annum.
• Directly employs about 30 000 people with a long value chain in support of the industry – manufacturers, tyre and fuel companies, spares and equipment, ETM’s, inspections services, ticket printing and sales.
• Operates around 20% of the market share – higher over the peaks and longer distances.
• Is formalised with employee's remuneration and conditions of service based on Bargaining Council agreements.
• Has a good safety record with bus designs and construction based on international safety standards and contributes to lowering pollution and congestion.
• Makes transport accessible to the poorest of the poor enabling passengers to access work opportunities in a safe and affordable manner.
FINANCIAL IMPACT OF COVID-19 ON CONTRACTED COMMUTER BUS SERVICES

• The sector has had long standing funding issues pre COVID-19. This is due to inadequate DORA escalations, which since 2009 has resulted in underfunding amounting to an estimated R 4.3 billion.

• The industry’s revenue is made up of about 50% passenger fares and 50% subsidy (PTOG).

• Fares are regulated by government via contracts with operators.

• Since Lockdown 5 from 27th of March - 10 weeks ago, the financial impact has been devastating:
  - 90% of buses were parked and only 10% operated with a 50% load restriction
  - Companies still incurred fixed costs and most assisted employees with wage payments

• Under Lockdown 4 from 1 May an estimated 33% of bus fleets were operating with the remainder parked off. Load factors were low and also restricted to 50% of bus capacity.

• These lockdown periods and requirements led to massive passenger revenue and unsustainable losses.
FINANCIAL IMPACT OF COVID-19 ON CONTRACTED COMMUTER BUS SERVICES

- Operators are indicating that Lockdown 3 will see estimated phasing in of between 40% and 60% of operations (inclusive of the 50% passenger capacity restriction), due to many businesses still starting up with reduced economic activity and only ramping up later in the month.

- Governments’ plan of staggered working hours would exacerbate the financial situation of the industry, especially over longer distances, where a second peak trip will not be possible, due to lower utilisation of the buses.

- To summarise, the industry is in a very difficult situation with buses being parked off, capacity restrictions that impact passenger revenue streams and a very weak economy and job losses that will result in decreased passenger numbers.

- This situation is likely to prevail until October or even the remainder of the calendar year.
OVERVIEW SCHOLAR / LEARNER TRANSPORT SECTOR

• According to the NHTS (2013) about 25% of all scholars make use of school bus transport in South Africa.
• The Northern Cape and Mpumalanga account for close to 50% of modal share and in many rural areas this is the only form of public transport for learners.
• It is estimated that the annual scholar subsidy is around R 1,4 billion involving about 12 000 buses (not all subsidised).
• The operators are almost all exclusively small and micro businesses.
• Since Lockdowns began all the school buses have been parked and owners have not had any form of income.
• Owners still had to pay the fixed costs - include bus financing in order to remain ready to begin operations once allowed by government.
FINANCIAL IMPACT OF COVID-19 ON SCHOLAR / LEARNER TRANSPORT SECTOR

• The annual subsidy amounts to R 6,9 million per day, over a 202, school day year or R34,6 million per school week.
• The financial impact has therefore been R 346 million since Lockdowns began as no operators were allowed to operate as schools were closed down.
• The additional problem that the scholar transport operators face is the delayed and phased re-opening of schools.
• The full working of schools could potentially, based on media reports, only be achieved by the end of August which will have a devastating effect on these small business owners.
• From the 1st – 8th of June only grades 7 and 12 are allowed back to schools. This is in effect 20% of learners.
• In addition, a 70% load restriction will apply further affecting the operators’ financial situation.
OVERVIEW INTER-PROVINCIAL/LONG DISTANCE AND CROSS BORDER TRANSPORT

• About 1000 coaches are operated employing in excess of 5000 people.
• Annual revenue is estimated at R 5 billion.
• Operators provide transport in excess of 5 million people who are not able to afford air travel. Significant amounts of personal belongings are also transported.
• The sector is formalized and is part of the Industry Bargaining Council where wages and conditions of service are negotiated with organized labour.
• Prior to COVID-19 the sector was under tremendous financial pressure due to increasing costs and currency fluctuations and declining market effects.
• On average, monthly operating costs amount to R 100m which only recoverable through the running of services.
FINANCIAL IMPACT OF COVID-19 ON INTER-PROVINCIAL/LONG DISTANCE AND CROSS BORDER TRANSPORT

• Since Lockdown 5 all of the buses have been parked and could not operate with no potential to generate revenue to cover fixed costs.

• The only relief operators had was TERS UIF which does not cover full salaries. This is also limited to the end of June.

• Under Lockdown 4 operators were still not be able to operate (although between 1 and 7 May on a very limited scale).

• Inter-provincial services may possibly only return under Lockdown 2 but there is no indication as to when this will be possible. The issue with metros, local and district councils being placed on different Lockdown levels would also impact this sector further.

• Current estimates are that this sector has incurred losses of around R 200 million to date and through Lockdown 3 another R 100 million will be lost per month.
OVERVIEW TRAVEL AND TOURISM COACH TRANSPORT

• This part of the industry offers about 51 000 seating capacity per month and is focused on domestic and international tourism.

• The industry is formalised and employees’ remuneration and conditions of service are governed by Industry Bargaining Council Agreements.

• In this part of the industry there are several SMME operators that rely on Travel Destination Management companies and corporates to generate revenue. There are no subsidies.

• Many of these operators (operating a variety of types and sizes of vehicles/buses) are reliant on international travellers (international tourism) that also attend meetings, conferences, exhibitions and school tours.

• Since Sate of Disaster and lockdown there has been no revenue generated and fleet has been parked. This situation is expected to prevail with anticipated limited services under Level 1.

• It is expected that international travel will only resume in February 2021 with a very low initial uptake to begin with. Operators will then have been without an income for 12 months.

• It is highly unlikely that any would survive for 12 months without government assistance.

• The resultant impact would seriously affect SA’s ability to respond to national and international tourism needs in future.
FINANCIAL RELIEF MEASURES

• Request for financial assistance has been tabled at Ministerial / NDoT / Provincial Levels.

• Re-negotiation of the existing rates for contracted services.

• Interim relief for losses incurred.

• Extend the TERS UIF for a further 6 – 12 months to cover the sub sectors of the industry.

• Extend all COF and License validity periods for 6 – 12 months.

• Provision of the Required Safety and Hygiene PPE:
  - The next slides highlight the Industry interventions and implementations and the related costs for ensuring compliance to the COVID-19 Safety and Hygiene requirements.
  - The amounts iro the extra-ordinary costs are clearly unaffordable given the current financial situation in the industry and government assistance is urgently required over and above the relief measures listed above.
HYGIENE AND SAFETY PROTOCOLS

• The industry has pro-actively implemented interventions and measures since the state of disaster and lockdown declarations, for the containment and provision of safe operations.
  - Workplace risk assessments and operational plans
  - Screening and testing of employees
  - Social distancing (workplaces and on buses)
  - Cleaning and sanitizing of buses and operating vehicles by operators
  - Cleaning and sanitizing of facilities that are controlled by operators

• The measures implemented by GABS reflect success in that that chemicals used for sanitizing buses over the last 8 weeks has been effective and no cases of commuters contracting the virus by way of using the bus services. The product used in the cleaning process is Byotrol Surface Sanitizer.

• Required resources to sustain safety protocols and imperatives through to level 1:
  - PPE procurement and distribution
  - Compliance enforcement and responsibility – independent teams to monitor public compliance
  - Platform / tools for screening and recording of commuter details
## INDUSTRY COSTS SAFETY AND HYGIENE COMPLIANCE

### COVID-19 SAFETY AND HYGIENE PROTOCOL REQUIREMENTS

SABOA = BUS INDUSTRY BASELINE CALCULATIONS AND PROJECTIONS

<table>
<thead>
<tr>
<th>Item</th>
<th>Unit Price</th>
<th>Contract (PTOG)</th>
<th>Scholar (12000)</th>
<th>Charter (1000)</th>
<th>Long Distance (550)</th>
<th>Cross Border (500)</th>
<th>Coaches (500)</th>
<th>Other</th>
<th>Industry Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>22050</td>
</tr>
<tr>
<td>Masks</td>
<td>R19,15</td>
<td>R143 625,00</td>
<td>R229 800,00</td>
<td>R1 100,00</td>
<td>R10 532,50</td>
<td>R9 575,00</td>
<td>R9 575,00</td>
<td>R0,00</td>
<td>R404 207,50</td>
</tr>
<tr>
<td>Gloves</td>
<td>R7,50</td>
<td>R56 250,00</td>
<td>R90 000,00</td>
<td>R7 500,00</td>
<td>R4 125,00</td>
<td>R3 750,00</td>
<td>R3 750,00</td>
<td>R0,00</td>
<td>R165 375,00</td>
</tr>
<tr>
<td>Hand Sanitizer</td>
<td>R67,00</td>
<td>R502 500,00</td>
<td>R804 000,00</td>
<td>R67 000,00</td>
<td>R36 850,00</td>
<td>R33 500,00</td>
<td>R33 500,00</td>
<td>R0,00</td>
<td>R1 477 350,00</td>
</tr>
<tr>
<td>Disinfectant</td>
<td>R58,00</td>
<td>R435 000,00</td>
<td>R696 000,00</td>
<td>R58 000,00</td>
<td>R31 900,00</td>
<td>R29 000,00</td>
<td>R29 000,00</td>
<td>R0,00</td>
<td>R1 278 900,00</td>
</tr>
<tr>
<td>Labour</td>
<td>R23,22</td>
<td>R174 150,00</td>
<td>R278 640,00</td>
<td>R23 220,00</td>
<td>R12 771,00</td>
<td>R11 610,00</td>
<td>R11 610,00</td>
<td>R0,00</td>
<td>R512 001,00</td>
</tr>
</tbody>
</table>

Per Day: R174,87, R1 311 525,00, R2 098 440,00, R156 820,00, R96 178,50, R87 435,00, R87 435,00, R0,00, R3 837 833,50

Per Month: R4 546,62, R34 099 650,00, R54 559 440,00, R4 077 320,00, R2 500 641,00, R2 273 310,00, R2 273 310,00, R0,00, R99 783 671,00
PROPOSED MEASURES FOR SUSTAINABLE CONTROL & CONTAINMENT UNDER REVIEW

• BUSINESS:
  • Peak spreading.
  • Staggered working hours per industry.
  • Mobility audits – employers' interventions.
    - Employer subsidized transport costs – use of own vehicles
    - Car pooling

• GOVERNMENT:
  • Disinfecting and sanitizing of public transport termini and facilities.
  • Screening and testing of commuters at major nodes/railway stations and intermodal facilities (most public transport move through these facilities at least once per day).

• INDUSTRY / SABOA:
  • The detail directions and regulations for the alert levels 3 onwards is taking place through ongoing meetings and review via:
    - Industry submissions to the Minister and National Department of Transport
    - Discussions via NEDLAC and B4SA (with the Social Partners) for Submission to NATJOCC
    - SABOA is awaiting the confirmation of the Industry and Ministerial Task Team to be constituted for critical review of the impacts and interventions for the Bus and Coach Industry
EXTERNAL COMMUTER COMMUNICATIONS

Public responsibility and accountability is critical to the success of all measures implemented. Awareness / education campaigns / initiatives:

1. Publicize basic health care practices and preventative measures:
   - Posters at stations, ticket outlets & other relevant public spaces
   - Stickers on vehicles
   - Digital Media, Websites, Radio Advertising, Billboards
   - Social media via Facebook, Twitter, Instagram, WhatsApp
   - Communication through SABOA and its extensive structures and affiliated associations

2. Provide Commuting Care Packs – Gloves, Masks & Educational Material
   - Govt approved vendors on CSD to be used to ensure sufficient availability and provision and distribution of required materials, direct to public and also via the Bus Operators.

3. Testing and Screening
   - Government to ensure that critical communication is in place for future testing and screening at all termini through approved control measures and platforms for recording of commuter information and travel statistics
   - This will assist in the track and trace requirements
CLOSING REMARKS

- Across the country, life as it was has undergone major changes.
- The demand for public Transport has been substantially impacted, since the implementation of the Lockdown
- The easing of restrictions will not result in the normal resumption of demand and services but the public transport domain is flagged and remains a potential vector for mass transmission of the Virus
- The Bus Industry has ensured proactive reaction in the crisis demonstrating the capacity and will (at expense of great losses) to continuously provide services to meet the needs of commuters and ensure safe transport is available
- In spite of the ongoing losses incurred to date, coupled with the dangers presented by COVID-19 to their employees and organizations, the Industry has adapted and responded to the challenges
- The economic impact on Public Transport has been profound and is escalating by the day, the Industry remains committed to playing a critical role in the provision of sustainable, affordable, and most importantly SAFE and RELIABLE transport towards the recovery of the economy and the revival of the country towards the new normal.

SABOA WILL ON BEHALF OF THE INDUSTRY AND STAKEHOLDERS CRITICALLY CONTRIBUTE TO THE DEVELOPMENT OF MECHANISMS AND SOLUTIONS TO MITIGATE THE IMPACTS OF THE COVID-19 PANDEMIC IMPACT ON THE TRANSPORT SECTOR.
DISCLAIMER

THE CONTENT OF THIS PRESENTATION IS PROPRIETARY AND CONFIDENTIAL OF SABOA. IT IS NOT INTENDED TO BE DISTRIBUTED TO ANY THIRD PARTY WITHOUT THE CONSENT OF SABOA.