



# SABOA BUS

VEHICLE OF COMMUNICATION OF THE SOUTHERN AFRICAN BUS OPERATORS ASSOCIATION



# AFRIWAY



## **AFRIWAY is the all-inclusive solution from a single source**

The IVECO bus chassis is assembled from imported CKD kits and the Bus body is manufactured at a single facility based in Rosslyn, Pretoria - Iveco South Africa Works (Pty) Ltd. The benefit is that any technical issue relating to the total bus product is referred to a single source for analysis and rectification therefore increasing up-time.

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The AFRIWAY bus is available in both 4x2 and 6x2 variants, fitted with either manual or automatic transmissions.

**The core values of Iveco Bus are: • Efficiency • Reliability • Safety • Total Cost of Ownership**



# IVECO BUS

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# Where have all the passengers gone?

**T**EN years ago, nearly 60% of workers in the formal sector used public transport – now, just 25% of those workers rely on public transport for their commute.

Economist Mike Schussler, addressing delegates during SABOA's recent annual conference, said that the total number of passenger journeys, factoring in growth, should exceed one million a month. But they're not.

The surge in private vehicle ownership is one factor in the public transport commuter Bermuda triangle effect. "People see cars as the solution to their transport needs and as part of a lifestyle," says Schussler. South Africa will either have to build "many more roads" to accommodate traffic increases, or drive awareness of public transport and "make it a better option for commuters".

Many former bus and train commuters have been mopped up by the taxi market, with taxi numbers up from 1993's 202 000 by some 60% to the current 322 000.

But there is an opportunity for public transport, particularly as the rising fuel price bites – and it's essential to grasp the opportunity to stem declines in the formal road transport

industry. Schussler is a strong proponent of 'out of the box' thinking – but that strategising has to be accompanied by action for any hope of success. Schussler cites the example of Transnet's idea of one ticket for rail and road transport, mooted in the 1990s. "Not much has happened," notes Schussler, adding that the industry should be looking at a ticketing system allowing ease of access across various modes of public transport.

Schussler challenged the public transport sector to present solutions and a picture of how public transport in South Africa could – or should – look in the future, otherwise "there is a serious risk".

Education and healthcare are undeniably in need of care and attention, but effective public transport lies at the heart of enabling access to education and healthcare facilities.

There's no doubt that the country has the skills and the people, the technology and the products to drive the public transport sector. While there are daunting challenges, the industry and the country cannot afford to fail to rise to the task.

Cindy Haler, Editor



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# MAN's SABOA show-stopper

By Cindy Haler

MAN debuted two new offerings at the SABOA conference and exhibition, attracting enormous interest with offerings pitched at distinct market segments

WITH a solid presence in the commuter bus segment which comprises the bulk of the South African bus market, MAN Automotive's bus and coach division continues to extend its lineup of vehicles to complement its core business, catering to the demands of various niche markets.

The manufacturer employed the recent SABOA conference and exhibition as the platform to launch its first BRT offering, as well as the robust CLA chassis paired, for the first time, with the OEM's own G2 Lion's Explorer bodywork (the chassis was launched last year paired with Marcopolo's Torino body).

Philip Kalil-Zackey, senior manager, bus sales and product management, says that the local operation took immense pride in launching its first BRT product offering, adding that what makes the unit unique is that it is a complete low floor bus (enabled by the portal drive axle and horizontal engine mounting).

The absence of steps – at entrances and throughout the interior – is a massive advantage, asserts Kalil-Zackey. "This ensures quicker passenger flow. Saving seconds at each stop adds up, every day, week, month and year. Unnecessary idling during boarding and disembarkation impacts fuel consumption and scheduling systems. The objective with BRT is to optimise passenger flow in and out of the bus – a goal which is facilitated by the design of the MAN A22 Lion's City BRT 18.320."

The interior of the unit on display definitely possessed the 'wow' factor, featuring wood-look flooring as well as stainless steel grab rails instead of the conventional yellow.

The unit is equipped with a 360° CCTV system, enabling the driver to see exactly what is going on all around the bus: indicating to turn right activates cameras to give a view of the right side of the bus, likewise left, forward and reverse.

Employing 3CR12 in body building equips vehicles for duty in coastal regions, notes Kalil-Zackey, adding that tenders are increasingly specifying this material for its ability to withstand corrosive climates. Its strength in comparison to weight also offers payload benefits.

While a 30-seater was displayed, seating configuration can be tailored to operator requirements.

Local production is another crucial element in MAN's BRT offering: chassis are brought in from Poland in kit form for assembly at MAN's Pinetown plant, moving to the OEM's Olifantsfontein production facility for completion.

"There is also a single point of contact for an operator for all his or her parts and servicing requirements," adds Kalil-Zackey.

ITS is playing an increasingly prominent role in public transport, deploying technology to empower operators and users to make optimum use of transport systems. An important facet of ITS is integration, ensuring cohesion among various systems and components. "Everything has to work together – and there's a lot of equipment that goes with that." To cater for this, MAN has incorporated a dedicated compartment in the bus, designed to house all ITS electronics and fitted with its own power supply. In addition to smoothing installation, this also simplifies access for maintenance and repairs on ITS components. The compartment is both water- and tamper-proof.

Kalil-Zackey says that feedback from



## SUPPLIERS

city representatives in response to MAN's debut BRT offering was "very positive".

He is confident that the BRT segment is poised for action and that the inertia that has taken hold over the past few years will be shed as cities seek to reinvigorate BRT plans, either moving to subsequent phases or initiating tenders.

### More power for upgraded CLA

MAN's budget CLA offering has benefited from an upgrade, including a power boost from 220 to 280 hp. MAN has also matched the chassis with its own body, the second generation Lion's Explorer.

The vehicle's unique selling point is its combination of high spec elements – including air suspension and safety features such as ABS and retarder – in tandem with budget segment pricing. Ease of service, low maintenance costs, reliability and safety – even under extreme operating conditions – are hallmarks of the CLA chassis.

Feedback indicates that the chassis has performed well since its launch at last year's exhibition, says Kalil-Zackey. Introducing its own bodywork means that CLA units can be assimilated into existing MAN fleets, providing a cohesive look and feel across the spectrum of premium to budget offerings.

Production is expected to commence in the fourth quarter.

"It's a commuter bus offering,

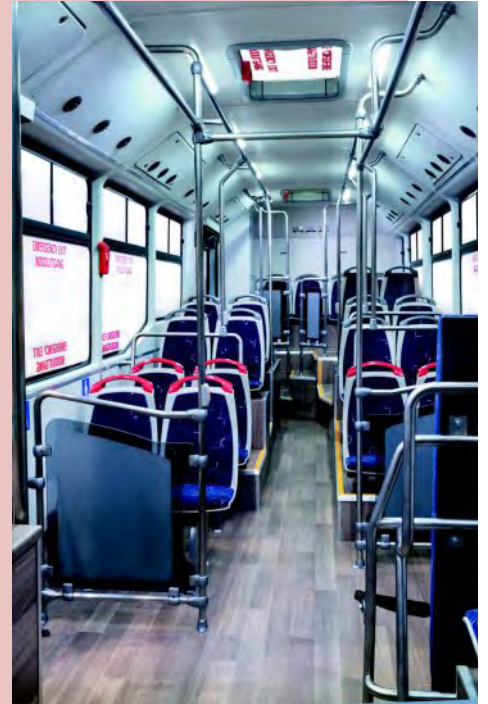


## MAN A22 Lion's City BRT 18.320

The MAN A22 Lion's City BRT 18.320 is fitted with a horizontally-mounted MAN D2066 Euro V common rail engine, with this configuration facilitating a low floor throughout the vehicle. Power is 235 kW (320 hp) at 1 900 rpm; torque 1 600 Nm at between 1 000 and 1 400 rpm. Transmission choices are Voith DIWA or ZF Ecolife. Braking power is courtesy of disc brakes all round, with ABS and EBA, along with integrated retarder. Suspension is air, all round, with kneeling.

The body is constructed of 3CR12, for its corrosion-resistant properties. Doors are in-swing, with one of the left and two on the right of the bus. Various seating arrangements and types are available, enabling operators to specify layout in line with their requirements. For wheelchair access, a ramp may be fitted to the front left door or from the front right door from the BRT boarding bridge. Windows are bonded top sliders. The vehicle is pre-prepared for the installation of ITS (intelligent transportation system) equipment.

Among the optional items which may be specified are a range of passenger destination and information systems, radio, driver's enclosure, air-conditioning, various floor coverings and assorted grab rail designs.



pitched at operators who require greater power," says Kalil-Zackey. "It's ideal for operators servicing contracts during the week supplemented by special hire work over weekends. Air suspension ensures ride comfort. It's an important offering for traditional fleet operators who are branching out in a bid to combat trying economic conditions."

## MAN CLA Explorer

The MAN CLA 18.280 FOC, equipped with MAN's D 0836 Euro III common rail engine provides 206 kW (280 hp) at 2 400 rpm and 1 100 Nm torque at 1 300 to 1 700 rpm. Transmission is Eaton 6-speed manual. The unit is fitted with drum brakes all round, with ABS. Auxiliary braking is via Voith retarder and engine EVB. Vehicle mass is 17 300 kg.

The MAN's Lion's Explorer G2 body is constructed from 3CR12. Headlights are MAN TGX type, with LED driving lights. Up to 65 seated passengers can be accommodated. Overhead parcel racks as well as wheelbase lockers provide luggage storage. Driver's door is standard; options include destination display, radio, driver's enclosure and various seating options.



# Competition conundrum: too much or not enough?

By Howard Mellet

**C**OMPETITION. It's an evocative word in the public transport sector. Certain bus operators have routes which are government subsidised, making it difficult for non-subsidised companies to compete with their low fares. The playing field in the public transport arena is decidedly uneven.

In the taxi industry, competition is not encouraged or countenanced by territorial bosses who do not often hesitate to take retribution on transgressors as only they know how. Blood is frequently spilt.

It was against this background that, around 12 months ago, a government-backed study into the state, nature and form of competition in the public transport sector was initiated. The body responsible for this enquiry – which is essentially aimed at pursuing the purpose of the Competition Act to “promote and maintain competition in the Republic” – fell to the Competition Commission of South Africa.

Officially entitled *The Land-Based Public Passenger Market Enquiry*, it was instigated because the Competition Commission “had reason to believe” competition was “prevented, distorted or restricted”.

By way of a half-term report, SABOA invited researchers Itumeleng Lesofe and Nonkululeko Moeketsi to share their findings so far with delegates at SABOA's annual conference.

The Commission's final report will be tabled in June next year. Its terms of reference comprise six broad themes on which they focus as they address the

status of competition in the minibus taxi, metered taxi, and app-based taxi sectors as well as Metrorail, Gautrain and various passenger bus services (the latter being the most relevant to their audience on the day).

The themes are (1) price setting mechanisms, (2) price regulation, (3) route allocation, (4) licensing and entry regulations, (5) transport planning and (6) operational subsidies.

Perhaps unfortunately (but understandably), Lesofe and Moeketsi are a long way from releasing any definitive findings. They are, in fact, deep into their evidence gathering phase which currently centres on public hearings taking place across the length and breadth of the country. These hearings, they say, are aimed at all stakeholders including government, transport operators, associations and the commuters themselves.

Their remit is broad-based. For

example, they are putting the spotlight on Bus Rapid Transit (BRT) systems countrywide in a bid to define their impact on the renewal of taxi operating licenses, and they are attempting to assess the long-term implications of transport contracts between government and bus operators and their influence on competition.

When the report is completed and submitted to the Minister of Economic Development, it is hoped it will include recommendations for new or amended policies, regulations or legal frameworks that will promote competition.

Worryingly for the industry, the report may be submitted *without* recommendations, according to Moeketsi. Although, in the same breath, she said the Commission may “take any action within its powers in terms of the Act”. This could include



Competition Commission researchers Itumeleng Lesofe (left) and Nonkululeko Moeketsi

## SABOA CONFERENCE

initiating a complaint against any firm for further action, or it could initiate and refer a complaint directly to the Competition Tribunal.

While definitive findings and possible recommendations are a year away, Moeketsi alluded to a “very limited” state of competition in the commuter bus arena underlining the fact that operators without subsidies generally don’t – or can’t – compete with subsidised rivals due to the latter’s competitive advantage. The operators in the audience were probably well aware that the “competition” in the market is for the awarding of subsidy contracts which, paradoxically, Moeketsi said was a driver of competition. She acknowledged that the practice of renewing current contracts in perpetuity undermines competition.

Confusingly – particularly in the light of the Competition Act’s objective to “promote and maintain competition” – she stressed that government is set on *eliminating* competition between subsidised buses, the Gautrain, BRT and municipal bus services as part of its strategy to establish an integrated public transport service.

It was the Commission’s belief, she noted, that BRT and other integrated rapid public transport networks (IRPTNs) may *not* be suitable for SA cities and *not* the

answer to public transport challenges. Two reasons were proffered: Service satisfaction is poor (maybe because of regular driver strikes, although this was not mentioned) and IRPTNs generally only recover 40% of their operating costs through fares. She also referenced the many protracted delays in implementing BRT/IRPTN services due to funding problems, protracted court cases and lengthy negotiation processes.

Looking at inter-city bus services, Lesofe said that while the sector is characterised by fierce competition, many potential anti-competitive practices prevail. These include excessive pricing during peak seasons and the exploitation of licensing regulations. Private operators are also denied access to essential bus terminal facilities by PRASA who see the operators as competitors to rail and thus also refuse new entrants the use of office space or access to loading bays. Access fees at Johannesburg’s Park Station are also high and prohibitive, he noted.

In wrapping up his part of the presentation, Lesofe confirmed the Commission would be examining the high cost of bus financing and access to capital for new entrants to the market. He added that competition, particularly when it comes to price

wars in the inter-city bus sector, is frowned upon by government and suggested a lack of regulatory oversight by Provincial Regulatory Entities (PREs) is leading to certain routes being over-traded, resulting in conflicts.

Also under the microscope are allegations relating to the undercutting of ticket prices by some operators in order to drive small players from the market. This is prevalent on the popular Johannesburg-Durban route, he claimed.

The consensus among conference delegates seemed to be that the Competition Commission faced the difficult task of defining how market forces should be encouraged to prevail, with supply and demand being the deciding factors, while coming to terms with inequities such as government subsidies and turf wars.

One delegate suggested that competition should be based on service excellence and not on a fight for routes and subsidies while another advocated that the commuter – not the bus operator – should receive the subsidy and thus be free to make a choice.

We have just under a year to wait for the official findings. In the meantime, the Commission is calling for submissions from all sectors. If you are a stakeholder, make your voice heard while you can. ■



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# SA economy: warning shots have been fired

By Howard Mellet

**M**IKE Schussler needed no introduction to delegates at this year's SABOA annual conference. The renowned economist's insights, observations and predictions are always eagerly awaited. He did not disappoint.

Schussler's presentation focused on the conviction that there is hope for the local economy going forward, but reform is needed if the country is to break out of the confines of financial mediocrity in which it currently finds itself.

He opened by looking at the global picture, emphasising that emerging markets are now leading the world in terms of growth. "Emerging markets make up 80% of the world's population and 60% of its GDP. By comparison SA is a laggard."

Schussler believes the world's largest [non-emerging] economies are going to slow, according to indicators which include the impact of Brexit and the Donald Trump trade wars.

"If world trade slows and it slows Chinese growth and it slows the growth of other emerging markets, the demand for commodities will drop. When this happens and the prices fall, we in SA will feel this as we are, in broad terms, a 60% commodity exporter. This is where we make our money.

"It will have an impact on the number of people we employ, which will have an impact on the numbers of passengers carried to and from the workplace."

He said the "warning shots" have already been fired and if the situation escalates, it could lead to a depression. "But we're not there yet," he stressed.

Looking at the impact of the global oil price on SA, Schussler said despite recent trends "we've probably seen the peak [price] of crude oil for the next year or two, as the oil cartels begin to unravel".

He expects shale gas to make a return to the fore in terms of marketplace acceptance and as the oil cartels "cheat" and the world economic growth slows, this will point to the beginning of the end of the reign of all cartels. This is especially true in the oil industry which presides over the world's largest tradable commodity.

"In the coming months the prices of fuel [in SA] should fall and we're likely to see the lower price of oil being the major driver [of this fall] – not so much the rand/dollar rate," he predicted.

Switching gears, Schussler took time to place SA within the world context in terms of per-capita income and explain the implications for all South Africans of its current position.

"We have become richer over the last decade, but we have become richer at a slower rate than those in the rest of the world. We're now at only 80% of the average world per-capita income. This plays a role in what people can afford in SA."

There are positive aspects, he



*Economist, Mike Schussler: out of the box thinking is vital to stem declines in the formal road transport industry*

noted. "We earn more than people in Hungary, Poland, Chile and the Czech Republic, for example. But in countries where per-capita income is significantly more – such as Sweden, Australia, Norway, Netherlands and Denmark – they have very high social welfare and debt levels to service."

Other positive factors influencing the local economy include SA's low household-debt-to-household-income ratio, now at 71,2%. It has been in decline for the past decade and continues to decline.

Schussler sees this graph hitting a low of around 69% before consumer spending begins to ramp up once more, driving credit debt higher. But not in the next year to 18 months, he predicts.



Another factor in SA's favour, noted Schussler, was the country's position as the fifth highest in the world in terms of pension fund assets-to-GDP. "We also have the eighth highest pension fund assets in the world in dollar terms – more than Germany."

He said this should be seen against the backdrop of a slow rise in take-home-pay figures, just 1% above the inflation rate. Importantly, take-home-pay is negatively influenced by the tax rate: tax brackets are not being adjusted to accommodate pay rises, therefore salary and wage earners often find themselves paying more tax.

"The world's average total tax-to-GDP ratio is 15%, while in SA it is 27,3%. We have one of the highest tax burdens in the world. Personal income tax – we have the twelfth highest in the world, and as far as company tax is concerned we're the fifth highest in the world," he said.

The results of the high taxes are dismal, noted Schussler. "For example, the world average for the number of school children per teacher is 24. In richer countries it is 14. In SA it is close to 34.

"As a result, we have some of the dumbest kids in the world. They come second to last on reading and comprehension. Our Grade 5 pupils compete with the world's Grade 4 pupils and still come second last in maths and science subjects. It's frightening. We also have 1,8 doctors per 100 000 people, while the rest of the world is at five per 100 000."

Looking ahead, Schussler believes inflation is on the rise, but it will not present a problem. "I believe inflation will pass the 5% mark and be closer to 6% in the coming year," he said, adding that inflation averages between 5% and 6% for the next three years are what is expected and

factored into the economy by the Reserve Bank. As a result, interest rates will remain steady.

"American interest rates and European interest rates will be going up. So, we can't decrease our interest rates. We import more than we export so we have a current account deficit. Under these circumstances I don't think interest rates are going anywhere. There is a 60% chance they won't change for 18 months and a 30% chance they'll increase by 25 or 50 basis points and a 10% chance they'll decrease by 25 or 50 basis points. We're not talking about big changes. Interest rates have – over the past five years – remained within the confines of a 2% boundary.

"The Reserve Bank is predicting a private sector growth of 1,6% this year. If we're growing our population at 1,7% this will be the fifth year in a row where South Africans are getting poorer and stagnating."

In closing, Schussler looked at the passenger transport sector and asked, "Where have all the passengers gone?"

In the late 1980s and early 90s he said there were around 60 million passenger journeys per month on rail, with around 20 million for road (bus) transport. "In 2009 the combined number of journeys was averaging around 77 million – but it is now down to just 49 million.

"In 2017 the numbers of rail passengers fell, for the first time, below bus passengers, to just over 20 million. Rail is 'falling apart at the seams'. PRASA is not able to do its job. This is clear," he said.

"Today only around 25% of workers in the formal sector use public transport, down from 58% a decade ago. Factoring normal growth into the equation, the total number of passenger journeys should be over 100 million a month. But they're not.

"Of course, the private vehicle population has more than doubled. Today there are 7,27 million motor cars registered, up from 3,15 million in 1993. This is an increase of 131%, while the population has increased by 43%. People see cars as the solution to their transport needs and as part of a lifestyle."

Schussler said either SA will have to build many more roads to accommodate traffic increases, or it will have to put public transport back into the centre of thinking and make it a better option for commuters.

Taxis are also playing a key role in taking passengers away from buses and rail, he added. "There are around 322 000 mini bus taxis on our roads at present, up from 202 000 in 1993. There is also a lot of car-sharing going on."

He believes there is an opportunity for public transport, particularly in view of the high cost of fuel.

"We will be looking at market share declines in the formal road transport industry if we don't think 'out of the box'. For example, in the 1990s Transnet was thinking about one ticket for rail and road transport. Not much has happened. We should be looking at a ticketing system designed to allow people to easily interphase with any form of public transport."

In closing, Schussler challenged the public transport sector to present solutions and a picture of how public transport in South Africa could or should look in the future "otherwise there is a serious risk".

He suggested bus operators present proposals that, for example, involve regional transport authorities who would interlink rail, air and road transport, set appropriate subsidies and mandate universal ticketing systems able to be easily checked to limit cheating. ■

# Suppliers take to the floor in industry showcase

SABOA'S two-day annual conference and exhibition provides a valuable once-a-year opportunity for the industry to gather, with an informative conference programme complemented by a range of exhibitors showcasing products and services allied to the industry.

**Almex Transport Solutions** has a history of more than 30 years of on-bus ticketing experiences, many of which have influenced the design of its smartQube electronic ticketing machine featured at



SABOA. Product manager, Mark Van Lelyveld, was on hand to demonstrate the machine and “look for new ventures” in the bus industry. He said cashless payment options – such as the smartQube – are key to reducing fraud and cutting operating costs while increasing passenger convenience. “The new, modular design of the smartQube incorporates separate mountings for the passenger and driver consoles allowing better flexibility and more efficient use of the vehicle cab space,” he said. With real-time two-way communications the smartQube is always online – providing visibility of ticket sales as they happen.

**Altech Netstar** demonstrated its onboard VIRGIL Camera (V-CAM) at SABOA. The solution provides real-time monitoring and video evidence of vehicle and driver activity from any location by



logging onto the web-based software platform or by using mobile applications. The 8-channel camera, which has been successfully installed and is operational on approximately 1 450 Putco buses, monitors “everything in an around the buses including accidents and incidents”. This is according to Cobus van der Merwe general manager Video Technology & Product Development at Altech Netstar and colleague Leanne Host – project manager. They emphasised the vital role of the VIRGIL camera as a complement to on-board telemetry systems in terms of enhancing driver and public safety.

A leading provider of risk management services, **AON South Africa SA** is also an insurance and reinsurance brokerage. The company provides human capital and management consulting

services as well as speciality insurance underwriting. Its exclusive bus scheme, a focus point on its stand at SABOA, offered tailored solutions designed to give passenger transport operators peace of mind on the road. AON's new passenger liability offering, which is able to be structured to offer smaller operators – with one or two buses – provides the same value and benefits as larger fleet owners.



## **Bus Africa Importation**

relished making its debut at the SABOA exhibition, where it displayed its F7 and F9 units – in keeping with its focus on smaller vehicles – to a positive response and good feedback.



**Busmark** displayed the new Hino 1627 Wide Cab 65-seater bus body. Key features include: complete 3CR12 frame, including floor structure, side frames and roof structure (which allows for a



weight saving on the body and, in turn, saves the customer money with less wear on the chassis with higher allowed weight capacity); bonded windscreens, ensuring fewer breakages in all operating conditions; and new ergonomic panoramic front design with split curved windows. “Our aim with this design of the body is always to keep operating costs for the customer in mind and to ensure that we supply a product with longevity at the lowest possible cost,” says Danie Humman, GM, sales & marketing, Busmark.



**eBus Supplies**, specialising in sales and support of automated fare collection systems for public transport, continues to add functionality to its solutions and win favour among a growing client base.



**Fogmaker** demonstrated its engine compartment fire suppression system with high pressure water mist which attacks all three elements which feed a fire (heat, oxygen and fuel). The Fogmaker system uses water in combination with high pressure and a small amount of foam additive to ensure that all three components are attacked simultaneously. Every litre of water is converted to 1 700 litres of steam. Temperature reductions of more than 730° can be achieved in 10 seconds. Benefits include neat, compact layout and low maintenance.



**Goodyear** highlighted its FleetFirst range of fleet efficiency services. “Our programmes enable customers to manage their fleets more efficiently,” said Rickus Roets, key accounts manager at Goodyear SA, who manned the company’s SABOA exhibit. “No two businesses are the same, therefore no two FleetFirst packages are ever identical,” he noted. “We work with customers to tailor bespoke service solutions that meet their needs.” Transport operators can choose one or more of the services that are encapsulated by the FleetFirst programme. They include TruckForce, ServiceLine24h, FleetOnlineSolutions, and Retreading Multiple Life Solutions. “Our range of FleetFirst services inter-connect, enabling customers to benefit from our range of premium products, dedicated services and innovative solutions,” added Roets.



The premier sponsor of the SABOA Conference, **Ibiliti Underwriting Managers** insures drivers and passengers against death or bodily injury. It offers vehicle insurance with either comprehensive cover,



third-party fire and theft, or third-party only. There are a number of optional covers. In addition, Ibiliti provides an extensive short-term insurance solution for bus and coach operators. A feature of its exhibition stand at SABOA was a painting competition. “Let your brush strokes paint the future for the passenger transport industry and transform the way everyone sees buses and coaches,” was its message. According to Ibiliti’s Yolande van Niekerk, the exercise was designed to raise awareness for the establishment of a driver training academy funded by the company.

**Iveco Bus** exhibited the 2628A Afriway, 6x2 280 hp 80-seater, with rear-steering tag axle, along with the Daily 18 m<sup>3</sup> turned out in luxury configuration with 19 reclinable seats, ducted aircon which can be individually adjusted, USB ports and wooden flooring. Able to carry 2,5 tonnes, towage capacity is another 3,5 tonne, making it a unique offering for long distance, touring and safari duty.



**MAN Automotive’s** bus and coach division launched its first BRT offering, as well as the robust CLA chassis paired, for the first time, with the OEM’s own G2 Lion’s Explorer bodywork.



**Marcopolo** displayed a hint of things to come, with GM Mikel Ecenarro stating that the manufacturer has plenty in the pipeline on the commuter and coach front, particularly as world markets become more closely aligned with the Brazilian operation.



**MCV** launched two new projects with Volvo, the luxury MCV 600 on Volvo’s B11R rear-steer chassis and MVC S140N, on the B11R (non-steering). Both units provide capacity for 75 seats, driver and co-driver.





## SABOA EXHIBITION

**Mercedes-Benz Bus & Coach** hosted delegates at a stand designed to look like a golf course, enticing delegates to play a round of putt-putt. The theme was ‘The direct approach to a winning solution’, geared to achieving an effective and long lasting customer engagement platform. On display in the outdoor exhibition area was the OEM’s OF1723 chassis, positioned as “a solution provider to customers facing tough economic conditions, as well as limited financial resources”.



**Scania** displayed its F250 4x2 chassis, bodied with Busco’s new third generation Predator Commuter.



**Standard Bank Vehicle and Asset Finance** is one of the leading vehicle and capital equipment financiers in South Africa. The company finances movable assets and boasts specialists in the fields of transport, aviation, mining, construction, medical and fleet management services. Standing by at the SABOA conference was Standard Bank’s dedicated team of experts ready to assist delegates with the financing of any vehicle or asset. Services include structuring comprehensive packages to suit bus operators’ needs whether they be for instalment sale, financial lease, full maintenance lease and operating rentals, along with structured financing options to meet companies’ larger financing requirements.



The **Transport Education Training Authority** is responsible for training and education and skills development in the transport sector. It is one of the 21 sector education and training authorities mandated to facilitate skills development and training in different economic sectors of South Africa. Transport is vital to South Africa as it plays an important role in the social fabric of the country and its economic development – according to TETA, it continues to be a leader in terms of innovation in training and human capital development.



**TickiPay** turned the spotlight on its bus ticketing platform, designed to provide a fast and easy set up ‘wizard’ allowing operators to add essential route information and set up route stops while formulating fare discounts and promotions as needed. “TickiPay helps customers to ‘close the loop’ on the tickets they sell, improve operational efficiency and cut fraud and ‘leakages’ by validating passenger tickets,” said Brenda Chiruka, technical manager. Also highlighted on its exhibition stand was TickiPay’s V600 bus computer designed to fully realise the overall management of buses and enhance safety. TickiPay also offers a robust set of tools for managing digital voucher/ token/ ticket inventory.



Fraud and fare evasions are on the increase, often with the collusion of drivers and passengers, according to **TickTech MD** Louise du Plessis.



The company offers revenue protection to bus and transport operators through the provision of roving and fixed-point ticket inspections, undercover operations to expose illegal behaviour and the monitoring of passenger trends, driver discipline – including speeding – service levels and a host of related special operations. These incorporate ‘hits’, procedures in which a group of inspectors converge on a specific area and then withdraw. Du Plessis encourages bus operators to contact TickTech for an undercover or special operation designed to determine the efficiency of their existing anti-pilferage/ fraud practices.

**Traffic Management Technologies** is a provider of intelligent transport systems, including systems for advanced public transport management, advanced traffic



management and road safety enforcement. The company provides a range of systems targeted at the public transport sector including Automatic Fare Collection – which facilitates revenue collection and is a key interface between an operator and its passengers. Other systems include Advanced Public Transport Management, Scheduling & Planning, Passenger Information & Display and Operations & Maintenance (designed to improve a company’s operations). According to Craig Graham, business development manager, Traffic Management Technologies’ solutions are successfully operating in BRT systems in Johannesburg (Rea Vaya), Ekurhuleni (Harambee) and Cape Town (MyCiTi).

**Vix Technology** has, for the past 30 years, designed, delivered, operated and maintained automatic fare collection (AFC) solutions for some of the world's leading passenger transit systems. It provides a full portfolio of devices as part of its AFC solutions, and its display included a robust mobile ticketing system ideal for servicing remote locations. Michael Hart (director of business development, EMEA) joined the SA team at SABOA to gain an insight into the South African market.



A prominent feature of the **Voith** display was the DIWA.5, billed as the evolution of modern bus transmissions, currently used in more than 200 000 buses worldwide. According to Etienne Holtzhausen, Voith's key accounts manager, the DIWA.5's 'power-split' principle facilitates smooth acceleration across a speed range where other transmissions often need to shift gears two to three times. This makes the unit the epitome of economical bus transmissions. Up to 50% fewer gearshifts translate into less wear and higher driving comfort. According to Voith, the transmission is ideal for BRT applications and fitment to buses with engine torque outputs of up to 1 900 Nm.



Operating in more than 140 countries, **Volvo** is a leader in the heavy commercial arena. Its buses are a familiar sight on South African roads. At SABOA the Swedish manufacturing giant highlighted two of its coach chassis – the B9R and the B11R. The B9R is equipped with a rear-mounted Volvo 9.0-litre 6-cylinder 340 hp engine, while the Volvo B11R is a 10.8-litre engine chassis available in both two- and tri-axle configurations. Both chassis are designed to provide maximum versatility for coachbuilding, opening up a wide range of applications.



According to **ZF**, driveline components should be perfectly aligned to ensure passenger comfort – and ZF components (including transmissions and axles, steering systems, dampers and others) are perfectly matched and, together, deliver “a far more effective all-round system solution than the sum of the individual parts would do”. Known for its renowned EcoLife automatic transmission, ZF also showcased axles and steering components.



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# ANNUAL REPORT: 2017/2018

By Professor Jackie Walters - SABOA special adviser

I would like to express the industry's appreciation to the Acting Director-General of the Department of Transport, Mr Mokonyama, and the officials of the Department of Transport, especially Mr Lesiba Manamela for their efforts in developing a Turnaround Plan for Public Transport.

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.

During the 2017/2018 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.



## MANAGEMENT OF THE ASSOCIATION

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

### COUNCIL MEMBERS

#### 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  | NTI                                  |
|        | M H Heyns   | Putco                                |
|        | F E Meyer   | Golden Arrow Bus Service             |
|        | T Murugan   | South Coast Bus Service              |
|        | D Masango   | Thembaletu Bus Service               |
|        | D Gwabeni   | Mayebuyee Transport Corporation      |
|        | C Ramathe   | Maluti Transport                     |
|        | E Motshwane | Piotrans                             |
|        | Vacant      | North West                           |

#### Associate Members

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

### EXECUTIVE COMMITTEE MEMBERS

|        |            |   |
|--------|------------|---|
| Messrs | A Sefala   | Ipelegeng Transport Trust (President)   |
|        | S Maharaj  | Maphumulo Mail Service (Vice-President) |
|        | A R Komane | 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                                    |





## SABOA ANNUAL REPORT

In a consultative workshop on the review of the White Paper which was hosted by the Department of Transport on 17 and 18 March 2016 it was evident that a number of challenges face the transport sector of which the following have the greatest impact on South Africa's residents, enterprises and the broader economy:

- Fragmentation in government planning, implementation and funding of public transport.
- Ineffective measures to improve transport safety, in particular road transport.
- Persistent under-performance in passenger and freight rail transport.
- Slow progress in serving marginalised rural populations.
- Poor implementation of existing policy.

As part of the review process, the Department of Transport arranged public consultation workshops in all provinces in March and April 2018 to provide all interested parties the opportunity to comment on the draft White Paper. SABOA attended the workshop in Gauteng and also submitted written comments to the Department of Transport.

### COUNCIL/EXCO/GENERAL MEETINGS

The following meetings were held in 2017/2018:

|                   |                            |
|-------------------|----------------------------|
| 26 January 2017   | : Special Exco meeting     |
| 26 January 2017   | : Exco/Council meeting     |
| 30 March 2017     | : Exco meeting             |
| 24 May 2017       | : Exco/Council meeting/AGM |
| 27 July 2017      | : Exco meeting             |
| 28 September 2017 | : Exco/Council meeting     |
| 16 November 2017  | : Exco meeting             |
| 25 January 2018   | : Exco/Council meeting     |

### ISSUES DEALT WITH IN 2017/2018

#### POLICY ISSUES

##### Review of the White Paper on National Transport Policy

In announcing the review of the White Paper on National Transport Policy of 1996, the Department of Transport stated in its official announcement of the review process that “nearly two decades have passed since the adoption of the White Paper and during this time transport policies and practices across the globe have evolved, some of which found its way into South Africa’s transport strategies, policies and planning frameworks. The nature, experience and demands of the transport sector in South Africa have also changed. For these reasons, the Department of Transport would like to take stock of transport policy across the public sector; how the sector is currently organized and the key transport trends that have emerged, and update the White Paper as necessary. It is against this contextual background that the Department of Transport commissioned a review of the White Paper.”



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# SABOA ANNUAL REPORT

In its comments, SABOA highlighted, inter alia, the following areas:

- The draft White Paper does not provide a visionary view to develop the transport sector over the next 20 years;
- It does not take account of the pace of urbanization in Africa and how to address mobility in increasingly urbanized communities;
- The draft White Paper is silent on how government intends optimizing and prioritizing the future provision of public transport;
- The draft White Paper is silent on road safety;
- The draft White Paper is silent on the importance of tourism and tourist transport and how it will be encouraged to grow and expand over the next 20 years;
- Although the empowerment of disadvantaged operators is a strategic objective in the draft White Paper, a policy statement to this effect needs to be included.

A copy of SABOA's comments on the draft White Paper is available from the SABOA offices.

## PUBLIC TRANSPORT

### Turnaround Plan for Public Transport

At the SABOA conference in March 2016 the Department of Transport announced that the Turnaround Plan for Public Transport is being compiled and that internal and external role players will be consulted for inputs prior to the final approval and implementation of the Plan. Funding will then be sourced for implementation.

The following areas are being covered in the Turnaround Plan:

- Subsidised scholar transport and community services in rural areas should be addressed;
- Public transport needs to be designed and managed as an integrated network (bus, rail and taxi), not as isolated modes of transport which is currently the case in South Africa. Such integration will make it easier to align funding;
- In light of lessons learnt in the past 7 years, IPTN components should be scaled down as a result of their high costs and consideration should be given to providing quality integrated public transport;
- It is necessary to adopt a different strategy in order to determine appropriate solutions for different public transport challenges in each area;
- Funding for public transport needs to be revived to mitigate fragmentation.

A draft of the Turnaround Plan was made available to SABOA and an internal workshop was held on 19 January 2017 to prepare comments for submission to the Department of Transport. SABOA met with the Department of Transport on 09 February 2017 to discuss its comments and to submit a written copy thereof to the Department of Transport.

During 2017 the Department of Transport followed an internal and interdepartmental process to finalize the

Turnaround Plan. In this process, discussions were held with provincial departments of transport and National Treasury as well as with stakeholders such as SANTACO.

### Subsidised Scholar Transport in North West

A tender for the rendering of scholar transport services in four regions in the North West Province was advertised late in 2016.

Many members of SABOA in the North West Province expressed their concern at irregularities that had taken place in the tender and adjudication process. Allegations were made that contracts had been awarded to people who did not tender, contracts had been awarded to people without buses, some service providers had been awarded contracts in other regions etc.

SABOA had a number of meetings with its members in the North West Province to obtain accurate information about the alleged irregularities. Members were however extremely reluctant to provide any information, even on an anonymous basis.

Without any reliable information it was very difficult to make progress on the matter. SABOA nevertheless reported the matter to the North West Provincial Legislature. Whilst being busy with this process, it became known that a group of operators were busy with a legal process to address the irregularities. This process is still ongoing.

### Subsidised Scholar Transport in Mpumalanga

SMME service providers in the Gert Sibande District Municipality are unhappy with the contract model that was introduced by the Department of Public Works, Roads and Transport in this region as their status changed from main contractors to subcontractors. They regard the change in their status as disempowerment.

In June 2017 the Mpumalanga Department of Public Works, Roads and Transport put the scholar transport services in the Nelspruit and Nkangala areas out to tender. This tender was similar to the model in the Gert Sibande District Municipality. SMME service providers were extremely upset about this development and after involving the Mpumalanga Provincial Legislature in the matter, the tender was withdrawn.

New tenders were again advertised in March 2018 and after further discussions with the Department and the Legislature the matter was amicably resolved.







## Tourist Transport

Through the efforts of SABOA and SATSA (South Africa Tourism Services Association), a new dispensation for tourist transport services was included in the National Land Transport Act which is based on an accreditation system. This accreditation system is managed by the National Public Transport Regulator (NPTR).

On 01 July 2016 the Minister of Transport gave notice in the Government Gazette that the NPTR would be operational with effect from 29 July 2016 and will 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 introduction of the NPTR has to some extent alleviated some of the difficulties that tourist transport operators experienced at Provincial Regulatory Entities. Operators have however experienced delays in the finalization of their applications albeit to a lesser extent than they experienced at Provincial Regulatory Entities.

In view of the fact that many tourist transport operators



are also involved in interprovincial transport, we wish to encourage the Department of Transport to allocate the function of interprovincial transport applications to the NPTR as soon as possible.

## SABOA COMMITTEES

### Technical Committee/Operations Committee

During the past financial year the Technical Committee and Operations Committee held joint meetings as follows:

- 24 May 2017 at the CSIR International Convention Centre;
- 16 August 2017 at the Premier Hotel, Kempton Park.

### SABOA Technical Committee Issues

The following are some of the main technical issues that were discussed at the joint Committee meetings:

- Vehicle license fees;
- Permits for bi-articulated buses;
- Separation of vehicle license disc and roadworthiness disc;
- Road Traffic Regulation amendments;
- RTMS/PBS;
- Various speakers on topical issues.

### SABOA Operations Committee Issues

- Driver database;
- Driver training academy;
- Pensioners on buses;
- Fare collection system;
- Turnaround strategy for public transport;
- Expiry dates on tickets;
- BRT developments.

At a meeting of the National Council of SABOA held on 28 September 2017 it was resolved to separate the joint meetings of the two committees as their activities were not compatible. Since this decision, an Operations Committee meeting was held on 07 February 2018 and Technical Committee meetings were held on 21 February 2018 and 16 May 2018.

At the Operations Committee meeting of 07 February 2018, the Committee hosted the Department of Transport to discuss the Department's Public Transport Safety Plan.

At the Technical Committee meetings of 21 February 2018 and 16 May 2018 the following aspects were identified to be addressed by the Committee:

- CNG buses;
- Low floor city buses;
- Electric buses;
- Controlled entry through turnstiles and tap-on/tap-off;
- Rear axle weight limits for buses;
- Rollover protection for buses;
- Emission standards;
- Industry terminology guide;
- Bi-articulated vehicle permits;
- SANAS certification processes.



# SABOA ANNUAL REPORT

## 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.

A number of workshops were held in 2017 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 2018 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.

## DRIVER TRAINING ACADEMY

As was reported in the 2016/17 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.” This process is currently being followed.



## MARKET INQUIRY INTO PUBLIC TRANSPORT

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

The Competition Commission also issued a “Call for Submissions” on 13 July 2017.

At a meeting of the National Executive Committee of SABOA which was held on 27 July 2017 it was resolved that SABOA should prepare a submission to the Competition Commission. In view of the complex nature of the submission and in order to ensure that SABOA followed the correct approach in compiling the submission, the National Executive Committee further resolved that a law firm that is well-acquainted with the modus operandi of the Competition Commission be appointed to guide SABOA in compiling the submission to the Competition Commission. In order to limit legal costs, the submission will be drafted by SABOA and edited by the appointed law firm. Bowmans Attorneys was appointed for this purpose. SABOA submitted its submission on 22 September 2017.



In April 2018 the Competition Commission issued a further request for submissions to obtain clarity about issues in the first round of submissions. SABOA again submitted a submission and also made a presentation at one of the Competition Commission's public hearings on 06 June 2018.

### TAXI INTIMIDATION

In the 2016/17 Annual Report I elaborated extensively on all the steps that SABOA had taken to address taxi intimidation.

In 2017 SABOA continued with its efforts to have the intimidation of bus operators by taxi operators addressed. These efforts included inter alia the following:

- Again raising the matter with one of the previous Minister's of Transport, Ms Peters;
- In April 2017 Ms Peters was replaced by Mr Maswanganyi and SABOA requested a meeting with Minister Maswanganyi to discuss taxi intimidation and other pertinent issues in the industry;
- 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 are awaiting a date for the meeting;
- Referring the matter to the Public Protector. The Public Protector declined to investigate the matter as it fell outside the scope of their mandate;
- SABOA brought the taxi intimidation to the attention of the previous State President and his office referred the matter to the Minister of Transport, Mr Maswanganyi;
- SABOA informed all the major political parties of the taxi intimidation and requested their support in having it addressed.

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

### 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 and provision is made in the SABOA budget to cover the travel and accommodation costs of Empowerment Committee members when they visit provincial governments and established operators in the provinces to promote the empowerment of SMME's or to discuss empowerment initiatives.

In order to enhance the empowerment of SMME's the SABOA Council resolved in September 2017 to:

- Rename the Empowerment Committee 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.

SABOA subscribes to Tender News and throughout the year, as and when tender opportunities became known to SABOA, members were made aware of these opportunities. We would like to invite members to inform SABOA when they have been successful in obtaining tenders through this process as it is important to gauge the success rate of this system.

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

### TRAINING

#### SABOA Skills Programmes for SMME'S

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

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

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.

In 2018 a skills programme in Transport Management will be presented by LearnCorp. Members who are interested in participating should contact LearnCorp for details.

# SABOA ANNUAL REPORT

## Road Passenger Transport Management Programme

In a joint venture between the University of Johannesburg and SABOA, 330 learners were trained on this programme during 2017. On behalf of SABOA we wish to express our appreciation to the University of Johannesburg for their support in this regard.

## BUS RAPID TRANSIT SYSTEMS

SABOA has stated repeatedly that it is in favour of Bus Rapid Transit (BRT) systems as part of an urban transport solution in South Africa. These systems are being developed in many of the metropolitan areas in the country. It is also SABOA's view that BRT systems are appropriate for many urban areas although it could differ from metropolitan area to metropolitan area depending on the operating circumstances and requirements, level of funding that is available etc.

Metropolitan Councils should however ensure that proper viability impact studies are undertaken to determine the need for a BRT system or whether existing public transport systems should be improved. BRT systems will need continued financial support due to low population density and relatively high operating costs. This should however not deter us from embarking on this form of urban transport improvement, where justified, as the benefits of such systems will in the long run exceed the costs of operation and financial support. The general public is in real need of quality public transport that would give them a choice between using their private cars and public transport.

The Cities of Johannesburg, Cape Town, Tshwane and George have made the most progress with the implementation of its BRT systems and some of them have introduced various phases over the past few years.

SMME bus operators are however excluded from participating in these systems as they are not regarded as "affected operators." It is SABOA's view that their exclusion is the result of a narrow interpretation of section 41 of the National Land Transport Act (NLTA) by the Cities. The narrow interpretation relates to the fact that Cities only consider operators who operate route-based services on the routes intended for BRT services whilst section 41 of the NLTA refers to operators operating in the area under the jurisdiction of the City. SABOA has submitted a proposal to the National Department of Transport to amend section 41 of the NLTA to ensure that there is no room for misinterpretation.

During meetings between the Department of Transport and SABOA the Department reaffirmed its view that it was unfair to exclude SMME bus operators from participating in BRT developments. The Department also confirmed that it was not required to amend section 41 of the Act as the matter could be addressed by means of a change in policy.

SABOA was requested to provide the Department of Transport with a memorandum on the matter to enable the Department to discuss it with relevant Cities. The memorandum was submitted to the Department and it is currently being discussed with the Cities. Information from the Department indicates that this process should be concluded by the end of July 2018 where after the Department will report back to SABOA on the outcome of the consultation with the Cities.

## 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 2017 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 from the area are being investigated by a ministerial task team. The indication from the C-BRTA is that they are busy compiling a bilateral agreement which will hopefully normalise services to and from Lesotho;
- SABOA commented on the C-BRTA's proposed policy reform document which addressed 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.





## SABOA SHORT-TERM INSURANCE SCHEME

The management of the SABOA Short-term Insurance Scheme was awarded to Ibiliti 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.

## SABOA BUS INDABAS/STRATEGIC PLANNING WORKSHOPS

In order to inform members of the developments in the bus industry and to conduct strategic planning workshops at the provincial level, bus indabas were arranged for this purpose in 2017.

All the Bus Indabas/strategic planning workshops were well attended and it will be repeated on the same basis in the second half of 2018.

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

SABOA has also appointed a media specialist to develop two to three media articles and social media posts per month to raise SABOA's profile in the media.

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

In the 2016/17 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.

Agreement was reached on all the elements except preferential procurement. In spite of a joint meeting with the



Department of Transport and the Department of Trade and Industry the matter remains unresolved.

At the BEE Indaba that was held from 10-12 November 2016 a number of amendments to the Bus Sector Charter were announced. SABOA requested a meeting with the Department of Transport to obtain clarity regarding the announced amendments to the Bus Sector Charter. A meeting with the Department was held on 12 June 2017.

At the meeting with the Department further amendments to the draft Charter were announced which had not been discussed with SABOA. This draft Charter was also Different from the version which had been published for comments in the government gazette in April 2017 and in respect of which SABOA submitted comments to the Department of Trade and Industry. An objection in writing was submitted to the Department. Except for an acknowledgement of receipt of the objection there has been no further response from the Department and the draft Bus Sector Charter is still to be finalised.

## WAGE NEGOTIATIONS

In 2015 the parties in SARPBAC could not reach agreement and a settlement outlined below was only reached through mediation:

- 9% increase for the period 01 July 2015-30 June 2016
- 4% increase for the period 01 July 2016-31 December 2016
- 4% increase for the period 01 January 2017-31 March 2017

In the 2017 negotiations it became evident at an early stage that the parties were far apart in their demands and that it would be difficult to reach a settlement without industrial action.

In spite of dispute mediation a settlement could not be reached and a national strike in the bus industry took effect on 12 April 2017. Fortunately a settlement was reached soon after the strike became effective and the parties settled on 9%.

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.

## CONFERENCE AND EXHIBITION / GALA DINNER

A two-day conference which consisted of a plenary session and parallel sessions was held on 24 & 25 May 2017 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 450 delegates whilst all of the 69 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. We also wish to thank our Principal members for attending the event in large numbers.

### MEETING WITH WORLD BANK

In July 2017, SABOA was approached by a representative of the World Bank for a workshop as they were doing work for National Treasury on the Public Transport Operations Grant (PTOG). The purpose of workshop with the industry was to obtain first-hand knowledge of the current situation of operators participating in PTOG funding, how these operators got to their situation and to identify the risks and opportunities of the future.

The workshop was held on 03 August 2017 during which operators involved in PTOG funding had an opportunity to express their views on the impact of the PTOG funding on their businesses.

### SABOA INITIATIVES

In order to enhance the image and effectiveness of SABOA, the National Council resolved as follows:

- To work towards the establishing of Branch offices in the provinces. To this end, I am pleased to announce that the first Branch office was opened in Cape Town in 2015. In November 2016 a Branch office was also opened in Nelspruit. SABOA will continue with a phase-in process in this regard. At least one more Branch office will be established in the course of 2018;
- To purchase office space for SABOA when its current lease expires in 2021;
- To amend the SABOA constitution to provide for qualifying criteria for membership of SABOA. The criteria are reflected as By-Law no 4 in the constitution.

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.

SABOA proposed a number of options for closer co-operation which are under consideration by SANSBOC.



SANSBOC has also requested proposals from SABOA on the involvement of SMME bus operators in the contract system.

A follow-up meeting will be held in due course to further discuss the issues which have been identified by the two associations.

### RESEARCH

In 2017 SABOA conducted research among 15 contracted bus operators representing 4 950 buses about their views on contract risks, based on their experience of such contracts over many years of public transport contracting.

Various potential risk elements were therefore identified and grouped under mainly production cost risks and revenue risks for both net and gross-cost contracts and respondents requested to rate the risks and their impact on contract pricing. It was established that the respondents viewed (in essence) the production cost risks as being the same between NCCs and GCCs as in both types of contracts the production cost risks reside with the operator, but in the case of revenue risks statistically significant different mean ratings were recorded, based mainly on the different revenue risk characteristics of NCCs and GCCs. It is important that authorities pay attention to these revenue risk views that pertain to NCCs as any uncertainty about aspects such as passenger volumes that are lower than expected, an underestimation of contract revenues, difficulty in getting government to agree to annual passenger fare increases and inadequate escalation formulae (also for GCCs) could result in risk premiums being built into NCCs.

It was also found that operators would like to be involved, in one way or another, in the design characteristics of public transport contracts and that this involvement could have potential positive impacts on contract pricing. More than half of respondents highlighted areas such as that the authority and the operator negotiate routes, frequencies and headways, that the operator be allowed to suggest amendments to authority-specified designs after contract commencement, that the operator be allowed to specify routes, frequencies and headways for the consideration of the authority and that the operator be allowed the option to group various contracts into one or more larger contracts to benefit from operational scale and scope economies, thus reducing the overall contract cost.

Cost formula characteristics are important. It was found that fuel, labour and bus maintenance costs are considered major risk



factors that could impact contract risk premiums. It is important that the weighting of these elements in the cost escalation formula is also accurate and fair in terms of the indexes used to calculate movements. Over longer-term contracts these elements could become unbearable risks for operators if not dealt with in a fair and just manner. This is also one area that came out very strongly under the risk mitigation actions vs. the authority's willingness to review the contract cost escalation formula during the contract operational period and that the escalation formula ought to be accurate and fair.

Risk can, however, also be shared between contracting parties. Most operators were however of the view that cost elements such as especially labour costs, fuel costs and the cost impact of exchange rate fluctuations should be carried by the authority.

Lastly, the duration of a contract and the potential benefit on contract pricing was discussed. It was shown that the majority of operators preferred 12-year contracts and believed that such contract would result in a major cost advantage for the authority.

## COMMENTS ON POLICY/LEGISLATION/SABS REPORTS

- Various SABS Reports;
- Amendments to the Road Traffic Regulations;
- Various C-BRTA Documents;
- AARTO Amendment Bill;
- Draft Carbon Tax Policy Document;
- Draft Bus Sector Charter;
- Draft Dual Policy Document of the C-BRTA;
- White Paper on National Transport Policy.

## LIAISON WITH STAKEHOLDERS

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

- Minister of Transport;
- Minister of Police;
- Various MEC's for Transport;
- National Department of Transport;
- National Department of Tourism;
- Various Provincial Departments of Transport;
- Various Provincial Departments of Education;
- Parliamentary Portfolio Committee on Transport;
- Gauteng Portfolio Committee on Transport;
- Gauteng Portfolio Committee on Education;
- Northwest Provincial Regulatory Entity;
- Gauteng Provincial Regulatory Entity;
- Western Cape Provincial Regulatory Entity;
- Mpumalanga Regulatory Entity;
- Independent Police Investigative Directorate;
- Public Protector;
- Limpopo Portfolio Committee on Transport;
- Road Traffic Management Corporation;
- Tourism Business Council of South Africa;
- SARPAC.

## EXTERNAL COMMITTEES / MEETINGS

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

- White paper consultative forum;
- Ekurhuleni Transport Committee;
- City of Tshwane's TRT Committee;
- City of Tshwane Intermodal Committee;
- City of Johannesburg's BRT Committee;
- City of Nelspruit BRT Committee;
- COJ Passenger Forum;
- SANRAL;
- C-BRTA Passenger Forum meetings;
- DOT BEE Alignment Committee;
- National Tourism Stakeholder Forum;
- National Treasury's Carbon Tax Committee;
- Department of Transport's Turnaround Plan for Public Transport.

## SABOA SERVICES/BENEFITS

Information was given to a number of SABOA Members in 2017/18 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.

## NEW MEMBERS

During the 2017/18 financial year, SABOA approved 103 applications for Principal membership and 9 applications for Associate membership. The current membership profile of SABOA is as follows:

- Principal members : 932
- Associate members : 55

## 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.

## REPORT FROM THE AUDITOR

The audited financial statement for the 2017/18 financial year was approved by the National Council at its meeting on 31 May 2018 and is available to members for inspection at the offices of SABOA.

## PERSONNEL

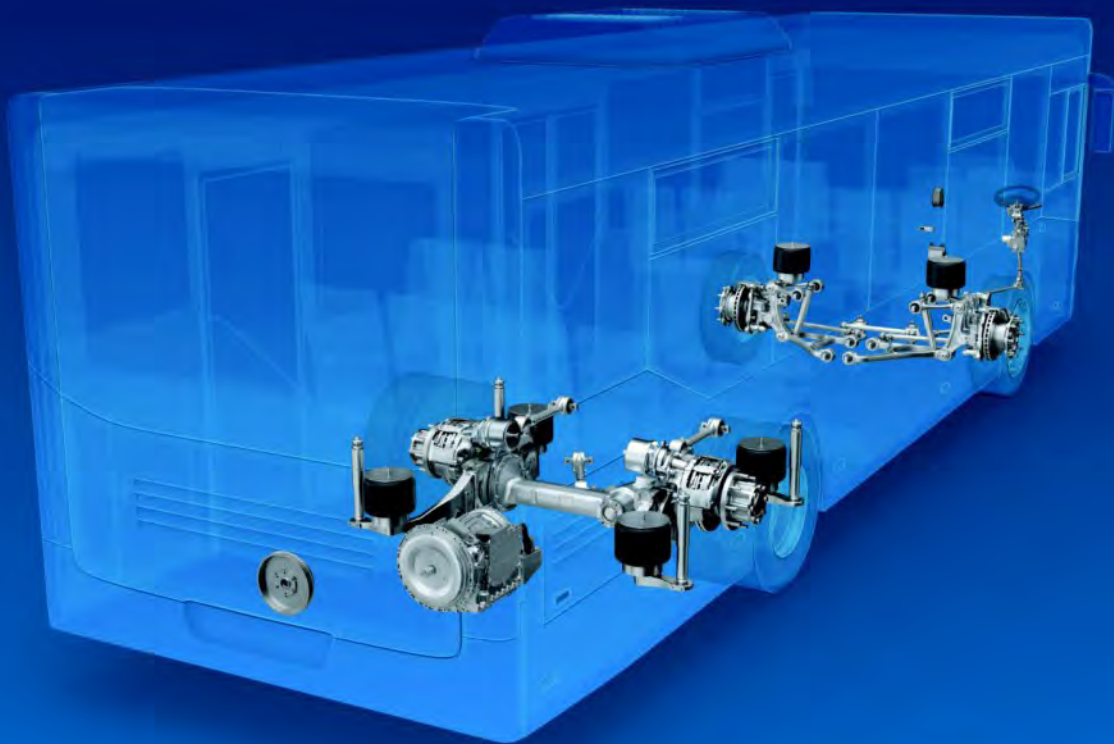
I would like to thank each and every staff member of SABOA for their support and loyalty throughout the year. Without their dedication and perseverance, SABOA would not be able to function the way it does. ■

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