

Golden Arrow Bus Services (Pty) Ltd

**Media Release
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BUS STRIKE JEOPARDISES INDUSTRY'S FUTURE

As the strike continues, labour is forcing millions of working people to find other means of travelling to work, at increased expense and inconvenience, in pursuit of completely ruinous wage increase demands.

Golden Arrow Bus Services (GABS), a Level 2 B-BBEE certified company with our roots in the very communities we serve, would like to sincerely apologise to our passengers for the inconvenience that they have experienced over the last weeks. We would also like to assure them of our best intentions in seeking to bring the current impasse to an amicable end.

Unfortunately the demands from labour have simply been too high to be accommodated by industry and conceding to such demands would seriously jeopardise the sustainability of bus companies across South Africa.

This is against the backdrop of stagnating economic growth and in contrast to an average CPI over the last ten years of 5.39% and an average annual increase in commuter subsidies of just 5.19% over the same period.

In fact, over the last 10 years the bus industry has increased wages by 9.22% on average per year. These increases have consistently been the highest increases in the country for all categories of work.

We believe that the current deadlock is largely the result of unions who are vying for dominance over one another rather than seeking to approach negotiations in a spirit of good faith.

The Golden Arrow way

Over and above industry-mandated increases Golden Arrow is a compassionate and progressive employer and has always paid significantly higher than the national average because we understand and acknowledge the pressures that our drivers and other staff face in the execution of their duties.

GABS also provides social welfare benefits such as medical aid, pension funds, disability and death cover as well as unlimited free transport to our staff.

We believe in developing our staff and this has seen many staff members rise through the ranks to occupy a range of supervisory and managerial positions within the Company through a combination of personal assistance and academic development.

Beyond this we also offer staff dependents bursaries so that they too are given the opportunity to achieve great things.

Where does the money for wage increases come from?

There are only three places the money could come from:

1. Government

Government subsidises passengers who make use of scheduled passenger services. It is therefore irresponsible for labour to expect government to increase these subsidies to a far higher degree than those for every other sector of the economy every year in perpetuity.

These subsidies have only increased by an average of 5.19% per year over the last 10 years.

2. Passengers

Independently conducted and verified surveys have shown that our passengers, on average, earn less than a third of what our drivers earn. Their salaries have not increased nearly as fast as those of bus drivers over the last 10 years.

It is therefore irresponsible for employees to expect passenger fares to continue to increase at such a high rate in comparison to the wages of the passengers who board their buses.

We have only increased bus fares by an average of 6.5% over the last 10 years.

3. The bus companies

The reality is that bus companies have simply had to absorb the rapidly rising costs of these increases for the last 10 years. It has now reached the point where we are facing the very real spectre of the potential ruin of the public bus transport industry if things continue along the current trajectory.

As the strike continues into its third week one bus company has gone into business rescue and a second major company has agreed not to vote in the bargaining process as their only chance of remaining viable is dependent on being exempt from whatever increases are ultimately agreed to, no matter what they are.

What has GABS done for the last 10 years?

1. We have invested over a billion Rand in buying more than 1 000 new buses to modernise our fleet. Today we have state of the art buses which boast internationally comparable features such as reduced carbon emissions and USB ports with wi-fi on the cards for the not too distant future.

Squeezing GABS simply makes it impossible to maintain a modern fleet.

2. We have paid our drivers up to 59% above the minimum wages for the Industry, despite these minimums increasing so rapidly over the last decade.

Where is this direction taking us?

If we continue any further along this road:

1. We will not have the means to maintain a modern bus fleet. This is totally unacceptable to Golden Arrow as our passengers deserve to enjoy the comforts of a top quality fully-modernised fleet.

2. Golden Arrow cannot maintain a practice of paying up to 59% more than the minimum rates agreed to with unions while, wage increases continue to increase contrary to the dictates of the current economic climate.

While our generous rates were given by us voluntarily in the past, the endless escalation at unacceptably fast rates imposed by the unions, forces us to restrict this additional pay.

What unions are now attempting to do is to force GABS to continue to pay higher wages than everyone else by imposing "across the board percentage" obligations on us to pay much higher increases than every other bus company.

Therefore, it is an unfortunate development that we are forced to give notice that we intend to challenge the practice of the unions conspiring with other unions in an attempt to make GABS salary increases bigger than what is paid and accepted by unionised workers across the rest of the industry.

This can only be agreed on a voluntary basis and it cannot work by forcing wages to rise beyond the point of sustainability for our Company.

We don't believe the bargaining council has the right to do this to its top paying members and we believe it is fundamentally flawed for the unions to pursue this line of attack on GABS.

GABS values its employees and we believe that we have clearly demonstrated that in our remuneration and staff development policies. It is heart-wrenching to now be forced into a position where we have to completely reconsider our internal culture because of unions who pursue unreasonable increases, at more than double the inflation rate, without any consideration for the precarious position in which these ludicrous demands place companies.

It is short-sighted to jeopardise the future of 2 800 GABS employees and the more than 14 000 people that depend on them by demanding salary increases of more than twice the rate of inflation.

We would therefore appeal to all parties involved in negotiations to help us to secure the future of our Company and others across the industry and ultimately safeguard 26 000 jobs in South Africa.

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