Procurement hurdles: unveiling challenges in the subsidized commuter bus sector of Gauteng, South Africa

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ABSTRACT

In South Africa, like many developing countries, procurement is seen and used as a strategic tool to promote socioeconomic development, including the promotion of competition, among other objectives. The South African commuter bus industry is structured to procure – through competitive tendering – SMMEs within the industry's mainstream. These contracts are subsidized by the government – their origins date back to the 1940s – to ease the financial burden on black African communities. However, since its establishment, some challenges are hindering the effective procurement of these services, thus affecting the provision of these services. This paper highlights the challenges faced by Gauteng Province in the procurement of subsidised commuter services. The paper employs a mixed-methods research approach, and the research instrument was a face-to-face semi-structured interview questionnaire. Based on the findings of the study, Gauteng commuter bus industry operations are challenged with poor policy implementation, a lack of funds to support the industry's operational needs, and a deficiency in administrative skills, among other challenges. The paper recommends that the Gauteng government revisit the guiding policies for the establishment of the industry and employ the best procurement practice(s) for this industry, considering the complex nature of South Africa (being influenced by the apartheid era and the government is faced with maintaining a balance between the blacks and the whites among citizens).

Introduction

Procurement is an important function within government for improved service delivery and the critical expenditure component. This is a business function with an economic activity, a business process in a political system, and a strategic profession (Fourie, 2015, p. 38). Within the South African public sector (which the explored industry is a part of), procurement is seen as a key activity to achieve secondary economic activities such as bridging the gap between the first and secondary economy created by the apartheid dispensation. Regarding the commuter bus industry, that means the use of competitive tendering and negotiation to include small bus operators (Ngcamphalala, 2018).

With procurement used as a social tool (as alluded to in the above paragraph), it is then funded with taxpayers' monies and thus, it must be performed effectively with responsibility and accountability to achieve value for money (Fourie and Malan, 2020, p. 4). Annually, global government expenditure constitutes 18.42% of the world's gross domestic product (GDP) (Mahmood, 2010). In South Africa, for example, in 2018, the government's expenditure was about R926 billion, which accounts for approximately one-fifth of its GDP (Fourie and Malan, 2020). The National Department of Transport's expenditure is increasing every year. According to the National Department of Transport (NDoT) (2018), the total expenditure was expected to increase at an average annual rate of 6.3% over the medium term, from R57.0 billion in 2017/18 to R69.6 billion in 2020/21. This expenditure included the funding or procurement of subsidised public transport – rail, bus and Bus Rapid Transit System BRT. From this discussion one can see how

much government spends on the procurement of public transport and thus the need for strict measures when procuring transport services.

The commuter bus operations are funded by the government, using the Division of Revenue Act, Act 3 of 2017 (DORA), through two grants: the Public Transport Operational Grant (PTOG) and the Public Transport Network Grant (PTNG) (Competition Commission, 2020). In essence, the PTOG subsidises commuter bus operations and dates back to the apartheid regime. The purpose of these grants is to provide supplementary funding (subsidies) for public transport services contracted by provincial departments. The PTOG expenditure has been increasing gradually, year on year, in line with inflation. As such, the total expenditure of this grant increased from R4.9 million to R5.9 million between 2015/16 and 2018/19. With that said, it is important to note that the procurement function is monitored closely within public transport, especially for the procurement of bus services. This observation emphasises that procurement should be conducted as per the guiding procurement policies, to ensure that quality goods and services are procured at minimal costs. If this is not done, there will be a wastage of funds and a compromise on the quality of goods and services.

The limited implementation of procurement policies has led to a number of procurement challenges within this industry, including – but not limited to – the fact that no new contracts have been concluded since 2001. The industry has been operating at a deficit for a long time (on a deficit of R1.2 billion since 2009 according to the Competition Commission, 2020), and the stakeholders' relations are not amicable (Walters and Manamela, 2016; Ngcamphalala, 2018; Competition Commission, 2020). The above therefore reflects that the industry is malfunctioning and on the verge of collapse.

A lot of studies have been conducted in South Africa on public procurement, but they looked at supply chain management (SCM) in municipalities and the national departments (Ambe and Badenhorst-Weiss, 2012; Mofokeng, 2012; Fourie, 2015; Manyathi, 2019). A few studies have been conducted on public transport in South Africa, and they focus mainly on policies that guide public transport, and the implementation of policies guiding public transport and the commuter bus industry (Venter, 2015; Thomas, 2016; Walters, 2018; Walters, 2020). Little research has been done on the procurement aspects of the commuter bus industry (Ngcamphalala and Ambe, 2016; Ngcamphalala, 2018; Ngcamphalala, 2019; Bronkhorst, 2019). In light of this, there is a research gap and a need for this study regarding the procurement of provincial subsidised commuter bus services in South Africa.

In line with the above background, this paper unravels procurement challenges faced within the commuter bus industry in Gauteng. It looks at the Gauteng operations and attempts to offer possible solutions to the standing challenges that hinder the effective operation of this industry. Therefore, the paper aims to answer the following research questions:

    i.   What are the procurement challenges faced by stakeholders within the commuter bus industry in Gauteng, South Africa?

    ii.   Is there a difference in the perception between the operators and the officials on the challenges faced by the industry in SA?

The paper contributes to the body of knowledge in theory, by highlighting the procurement challenges faced within the commuter bus industry in South Africa and informing the South African government and other governments of developing countries on issues of consideration when procuring commuter bus services; and in practice, the paper makes suggestions on how these services can be procured to provide safe and reliable services and help the industry to thrive, overall. The remaining sections of the paper present a review of the literature, research methodology, and findings, and the conclusion summarises the study findings and recommendations. The paper concludes with the limitations of the study and gives direction for future research.

Literature Review

This section of the paper presents an understanding of the commuter bus industry in South Africa, the policies guiding the procurement of commuter bus services within this industry, the procurement practices employed in the commuter bus industry, as well as the procurement challenges faced by this industry.

Procurement in the commuter bus industry

Procurement comprises not only procuring an item, but is also a multifaceted process that includes technology, risk management, business strategy, and operations and legal compliance (Ombaka, 2009). It involves various processes that require different sets of skills at different stages, including the identification of customer needs and the desired outcome, allocation of resources (monetary and non-monetary), planning the procurement, assessment of the market, market invitation and communication, supplier bid evaluation, negotiations and signing of a contract, performance monitoring and evaluation, contract close-out and asset disposal (APEC, 2006). Procurement also includes maintaining effective relationships with the existing suppliers and developing new ones with new suppliers, for potential business relations in future. Within the commuter bus industry, the procurement of bus services within governments has changed over the past three decades – with more governments outsourcing the provision of these services to private operators (Sheng and Meng, 2020; de Carvalho and Marques, 2020). The awarding of these contracts is done through two awarding mechanisms (competitive tendering and negotiation), and these are enforced through three different type of contracts (Hensher ad Knowles, 2016, Duarte de Carvalho and Marques, 2020; Hensher, 2021):

    i.   **Management contracts:** the operator is paid for all its allowed expenses, plus an additional payment to guarantee a fair and reasonable profit. Both the production and revenue risks are carried by the government.

ii. **Gross-cost contract:** the operators bid to receive a special to cover their costs, while the government keep the fare revenues and bare the risks. These contracts also reduce the information transfer between new entrants and incumbents regarding the level of the revenues.

iii. **Net-cost contracts:** the operator bears all the operating risks. Under this arrangement, the forecasting operating deficit determines the amount paid by the government to the operator. At the end of the accounting period, if the actual difference between the operating costs and income is not the same as the forecast deficit, the operator bears the loss.

The contract choice influences the relationship between the government (as the authority) and the operator (as the service provider) and further influences the involved risks – with the government carrying the risk in a gross cost contract and the operator carrying the risks in a net cost contract (Walters, 2020). Below are some examples of bus contracting models that are employed within the different countries in the world:

Table 1: Bus contracting models employed in different countries

Country	Contracting model	Source
London	Competitive tendering -based on competition for the market	Fang, 2013; Nash & Smith, 2020; Nash & Smith, 2020
Delhi	Adopted the gross cost model based on kilometres travelled and the contract period is ten years.	Rahman, 2017
Korea	Employs the gross contract, through competitive tendering	Hwang, 2012, Rahman, 2017
Singapore	Employs gross cost contracts, employing tendered and negotiation contracts	Rahman, 2017
Australia (Adelaide)	Employs the hybrid contract (which is a mixture of both the kilometre-based operation and passenger travelled over 5 years.	Rahman, 2017

Source: Authors' own compilation

Based on the above Table, it is evident that different cities in the world have applied different contracting practices within their bus operations. While the objective of the contracting practices is to provide better services to the public, the method and application are different based on each country's culture, institutional arrangement, and capacity of both operator and government. Hence there is a need for this study, to explore the challenges in the commuter bus sector in South Africa. The paper also provides a context of the policies and regulations guiding procurement practices.

Understanding the commuter bus industry in South Africa

The origins of the commuter bus industry in South Africa can be traced back to the apartheid era where black communities were located in the outskirts of cities and consequently needed transport to commute (Naudé, 1999; Walters, 2014; Ngcamphalala, 2018). Government then introduced the bus systems, which were subsidised in order to alleviate the financial burden on people travelling long distances and to make it economically viable to recruit labour from distant townships. This industry was run by private contractors who were contracted on the number of tickets sold, over specific distances. The operator contracts were for indefinite periods, making the entry of new entrants to this industry difficult. The main disadvantage of these contracts (from the previous era) was their vulnerability to the dishonest activities of some operators and government officials who were defrauding the system, which resulted in government not getting "value for money". There was a further development in 2009; due to high contracting costs, interim contracts became kilometre based (Walters, 2014). The industry comprises subsidised big operators and small bus operators who operate either on subsidised or unsubsidised bus services. There are approximately 25 000 buses in South Africa, of which 19 000 are involved in formal public transport activities (Bronkhorst, 2019). Furthermore, buses that are involved in public transportation provide direct employment to about 34 200 people throughout the country, with about 171 000 people being indirectly dependent on the industry (or directly related to employment in companies) (Competition Commission, 2020).

Policies guiding procurement in the commuter bus industry

Since this industry is part of public transport within the government sphere, it is guided by the same procurement policies governing the general public procurement function, with a few industry-specific policies and regulations. As discussed in the introduction, over and above the generic procurement policies guiding public procurement in South Africa, the procurement function within the commuter bus industry is embedded in the following key policies and regulations:

▪ **the Constitution of the Republic of South Africa, 1996**: Section 217 (3) of the Constitution of the Republic of South Africa, 1996, requires that legislation in the national sphere of government prescribes a framework within which the preferential procurement policy must be implemented (Walters and Heyns, 2012; Ngcamphalala, 2016; Ngcamphalala,

2018, Walters, 2018). It also calls for any organ of state in the national, provincial and local spheres of government that procures goods and services to do so according to a system that is fair, transparent, equitable, competitive, and cost effective. This is where the procurement of the bus services through competition is drawn.

- **the White Paper on National Transport Policy Act, 1996**: Its objective is the provision of public transport that is safe, reliable, accessible, sustainable, and affordable (DoT, 1996, Walters and Cloete, 2008, Walters, 2014; Competition Commission, 2020). It also established the introduction of competition when tendering for a subsidised commuter bus industry (Walters, 2020). However, with the complexity of this industry, having both formal and informal operators within the operations, government had to find a balance between all the available variables.

- **the National Land Transport Act 5 of 2009:** make provision for both the negotiated and tendered contracts, and also placed the responsibility of public transport with the local authority of government (Walters and Heyns, 2012, Walters, 2014, Competition Commission, 2020). This Act also encouraged the collaboration of public transport services between various types of providers (buses, rail and taxis) through Integrated Transport Plans (ITPs). The aim was to save costs by eliminating the duplication of subsidies, which is a large part of procurement. At this stage of the operations within the commuter bus industry, the negotiated and competitive tendering practices are employed, plus the interim contracts, which were an interim measure and were to last for three years in 1997. These policies are the key documents that give guidance on how the commuter bus services need to be procured within the commuter bus industry. The inconsistencies of not fully implementing these policies have led to the procurement practices as discussed in the forthcoming section, which have resulted in the procurement challenges that will be dealt with later in the paper. The next section will discuss the practices employed to procure these bus services.

Procurement practices within the commuter bus industry

As part of the reforms, the White Paper on National Transport Policy of 1996 was introduced, which reintroduced the procurement of commuter bus services through competitive tendering (Competition Commission, 2020). However, at the time there were labour-related issues between the NDoT, the then recognised bus industry association (the Southern African Bus Operators Association) and labour, which led to the NDoT placing a moratorium on further competitive tendering. The NLTA of 2009 (Act 5 of 2009) was then introduced to include other operators who could negotiate their existing contracts and participate in integrated public transport networks (Walters, 2018). These regulations then led to the use of competitive tendering and negotiated contracting. It should be noted, however, that due to other procurement challenges, interim contracts were concluded in 1997. These are discussed below.

- **Interim contracts:** These contracts were introduced as an interim measure in 1997 to assist operators in becoming "financially ready" for competitive tendering (Walters, 2018, p. 7). The contracts were concluded with the existing bus operators and were initially operated on a passenger-based subsidy. Since the operator contracts were for indefinite periods, the entry of new entrants to this industry was difficult. However, the main disadvantage of these contracts was their vulnerability to dishonest activities from some operators and government officials who were defrauding the system, which resulted in government not getting "value for money". These have since been revised to be operated on kilometers covered (Walters, 2014). These have operated on a short-term basis, ranging from month-to-month to a period of three years (Walters, 2020); (Competition Commission, 2020).

- **Tender contracts:** In 1997, following the challenges presented by interim contracts and as a means of transforming the industry, government introduced tender contracts in line with the objectives of the White Paper on National Transport Policy of 1996 (Walters, 2018; Competition Commission, 2020). The advantage here was that government controls these contracts, specifies the required services, and invites operators in an open market to tender for these services. These contracts aim to encourage the participation of new entrants, to empower small operators, and to enable the transparent monitoring of funds for this industry. These have operated on a short-term basis, ranging from month-to-month to three years (Walters, 2020). No new contracts have been concluded since 2003.

- **Negotiated contracts:** Between 1999 and 2000, negotiated contracts were introduced through the National Land Transport Transition Act 22 of 2000. Originally, they were intended to assist government-owned and municipal operators who were financially unfit, to participate in competitive tendering (Walters, 2018). The Act was later amended to make provision (under certain conditions) for private sector companies, under the NLTA of 2009. The aim was to include small operators and previously disadvantaged persons who have been excluded owing to discrimination. Again, the contracts have operated on a short-term basis, ranging from month-to-month to three years (Walters, 2020).

The contemporary practices employed to procure the commuter bus industry have propagated a number of challenges. These include, among others, a deficit in the allocated funds and a lack of coordinated relationships among the relevant stakeholders. Despite the enactment of the guiding procurement policies, the industry is faced with several procurement predicaments. These are discussed in the next section.

Procurement challenges faced by the commuter bus industry

The policies of South Africa's apartheid government left a myriad of distortions and inefficiencies (Thomas, 2016). Public transport was also affected. After 1994, some positive reform processes could be observed within public transport, particularly in the commuter bus industry. Yet, the change was minimal, especially regarding the issues of introducing new operators, funding, and policy implementation, among other issues. Walters (2014) and Pillay, Govender and Mackett (2017) pointed out that there is a lack of administrative skills and capacity in municipalities to revise the outdated plans and manage the bus contracts, as depicted by the guiding policies – and this is a major contributor to the lack of procurement progress in the industry, with most municipalities having outdated transport plans. Rypstra (2011) identified that the lack of skills in government has led to stakeholders going back and forth with policy amendments. This is evident in the commuter bus industry which has led to the current application of old and repealed documents and policies, like the Heads of Agreement (HoA), which is still active 25 years later, but it is not a policy or a regulation. here is also the constant referral to the repealed NLTTA of 2000 (Arnoldi, 2021), which was a transitioning Act that has been replaced by the NLTA of 2009. Walters and Heyns (2012) added that in this industry policy implementation is another challenge, as this industry is complex, with more variables than in any other industry. This industry has a lack of "standing" policies, with some of the guiding policies being old (NLTA of 2009, still under review), some that are repealed – like the NLTTA of 2000, which is still being referred to, and documents that are not policies or regulations, like the HoA (which was an agreement between the old operators, labour union and SABOA). Also, some of the policies are ambiguous and thus the confusion on their implementation. Ngcamphalala (2018) and Walters (2018) added that apart from the deficiency in skills and poor implementation of policies, the industry is also faced with the lack of consensus on the procurement practice to be employed between the stakeholders. The White Paper on National Transport Policy of 1996 and the NLTA of 2009 recommend the use of competitive tendering and negotiation when procuring the bus services. The bus operators prefer negotiated contracts (where they can negotiate the rates, based on the distance travelled, filtering other operational factors), while government prefers competitive tender (which encourages new entrants and transparency within the operations, and can be controlled by government in regard to capping the expenditure and doing proper budgeting) (Ngcamphalala, 2018; Competition Commission, 2020). The Competition Commission (2020) raised that the operators and commuters feel as if government is not active; there is no attempt to invest more money into the industry, old contracts are still in existence, and operational funds are limited, leading to the use of old fleets and the rendering of poor services. The government feels its hands are tied, because the full implementation of the procurement policies with the use of competitive tendering is impossible, due to the lack of funds. This situation has led to a sour relationship between the stakeholders. Ngcamphalala (2018) also added that the lack of funds within the industry is another contributor to the dysfunctionality of the industry. Again Venter (2015), citing Heyns, regarding the commuter bus industry, states that the financial challenges started in 2009 with the introduction of the Division of Revenue Act (DORA), where the bus subsidies were cut by 6%, and an 11% escalation that had to be paid in April 2009 was cancelled and never paid. Venter (2015) supports to say that as a result, many of these bus contracts are simply no longer financially sustainable". This has led to the bus contracts being operated on short-term basis – operating on a month-to-month basis – thus the operators cannot invest in new fleets, which hinders the rendering of safety services (Venter, 2015; Competition Commission, 2020).

Furthermore, Badaso (2014) raised political interference as another element that affects the implementation of policies in the public sector. Within the commuter bus industry, political interference comes in the form of how to implement the guiding policies, all with the aim to implement the policies under the complex circumstances that South Africa has (Walters and Heyns, 2012). In addition, Walters and Heyns, (2012) added that political continuity is related to the lack of political will, which is one of the main reasons for the unsuccessful implementation of policies (for example, in a period of 13 years (2004 to 2017), South Africa had four ministers in the transport portfolio (South African History Online, 2017). Most of these ministers have been reshuffled in a period of between one and three years, which is unsustainable to implement policies. This is hugely disruptive as in most instances new role players become responsible for the public transport function and they have to "find their feet" and familiarise themselves with the intricacies of the industry and its governing policy before they are in a position to make critical decisions. This challenge tallies with the fact that the industry has no "functional or working" policies. Therefore, new personnel bring their own changes when appointed, which leads to inconsistencies in the interpretation and application of policies and regulations. SABOA (2016) raised the intimidation incidents experienced by the bus industry which affects both the bus operators and the commuters benefiting from these services. Examples of incidents are operators who are threatened so as not to serve "corporate clients" or to withdraw from commercial contracts, and intimidation at pick-up and drop-off points in townships, including the physical intimidation of passengers. According to Walters and Manamela (2016), taxi operator intimidation affects approximately 20% of small bus operators moderately and approximately 35% of them in a major way. Pienaar (2016) concurs that the incidents of taxi intimidation are no longer isolated and are an escalating phenomenon in an unchallenged environment. Lastly, Tabane, (2017) raised that in general, the public sector is faced with overnight reshuffling of ministers – and the NDoT is no exception. For example, the department has had six ministers in the past eleven years (2008 to 2019) (SAHO, 2017). The frequent reshuffling of transport personnel, especially at top management level, has a negative effect on the commuter bus industry, since every new minister has to acquaint themselves with the industry operations and policies, and get reshuffled when starting to understand all systems. This also leads to the loss of institutional memory, where experience employees are moved to other sectors and take their experience with them (Walters, 2014). This challenge, plus the political continuity, would not have much effect on the industry, if "working" policies were in place.

Based on a review of the literature, table 2 presents a summary of the key challenges hindering the effective implementation of procurement practices within the commuter bus industry.

Table 2: Summary of procurement challenges in the commuter bus industry

Challenge	Impact on the industry	Sources
Deficiency in administrative capacity to implement policies	▪ Poor interpretation of policies and regulations, leading to confusion in their interpretation and application. ▪ Poor procurement reforms.	Ngcamphalala (2018:11); Rypstra (2011:1)
Poor policy implementation	• Eliminates integration in operations. • Increases unhealthy competition within the industry. • Promotes monopoly and evergreen operating rights. • Prevents new entrants into the industry.	Walters and Heyns (2012:42)
Lack of a coordinated relationship between stakeholders	• Perpetuates lack of trust. • Encourages the working in silos of stakeholders.	Ngcamphalala (2018:76); Walters (2018); Heyns and Walters (2012:48)
Lack of funds	▪ Leads to poorly rendered services. ▪ Leads to the use of vehicles that are not roadworthy. ▪ Leads to limited services, since new, unsubsidised routes are not serviced.	SABOA (2016)
Political interferences	▪ Prevents the transformation of the industry. ▪ Increases operating funds, with the duplication of some services and no political will to eliminate certain operators and/or routes.	Walters and Heyns (2012:42)
Lack of consensus on the procurement method to be employed	▪ Leads to division among stakeholders. ▪ Extra costs are incurred – with the preference of one practice over the other by government and operators, leading to the retainment of competitive tendered; interim contracts plus negotiated contracts at the same time.	Ngcamphalala (2018:81)
Ongoing intimidation by taxi operators	▪ Disrupted bus operations. ▪ Commuters' lives are put at risk of crossfire.	SABOA (2016/2017)

Source: Authors'

Table 1 provides a summary of the procurement challenges, some of which are repercussions of a number of factors affecting the industry, including but not limited to the lack of operational funds, which has delayed the issuing of new tender contracts, and it highlights how these can be dealt with for the betterment of the industry, from an operational perspective to its financial stability**.**

Research and Methodology

An embedded mixed-methods research approach was followed, using a face-to-face interview questionnaire based on semi-structured questions. The face-to-face interviews were facilitated by one of the authors to maintain a personal relationship and to build trust among the respondents, who are skeptical of government's intention on the industry's operations (Walters and Manamela, 2016). The respondents were purposively selected, based on their direct involvement in the industry – from the management of the contracts to the rendering of these services in Gauteng based on their knowledge and expertise on commuter bus procurement. Table 3 depicts the demographic profile of the respondents of the study.

Table 3: Demographic profile of respondents

Characteristic		No. of respondents
Organisation	Government official: National	4
	Government official: Provincial	2
	Commuter bus operators	12
	Total no of respondents	**18**
No. of years of experience in the industry	Less than 10 years	2
	More than 10 years	11
	18 years and above	5

Source: Authors'

The participants were at different levels of seniority, experience and expertise within the industry, to allow reliable and contrasting views for a rich analysis. From the commuter bus operators in the province, only 12 out of 18 (contracted and subcontracted) were

chosen, to eliminate saturation of information. The total sample consisted of 18 respondents (government officials and subsidised bus operators), proving that the sample was balanced, since both the operators and the authorities were effectively represented. The operators there were a mix of small, medium and big operators, which gave a proper representation of the bus operators, in terms of views and experiences regarding the operations within the province. It should be noted that the number of years within the operations varied among the respondents. The majority of respondents had been in the industry for a long time and thus provided insightful information. Gauteng was selected because it constitutes the biggest number of subsidised operated kilometers in all nine provinces (Competition Commission, 2020). The ultimate goal is to highlight that the commuter bus industry is faced with serious procurement challenges, which might not be unique to Gauteng, but can be extended to the entire country (Competition Commission, 2020). The semi-structured questionnaire was pilot-tested with a national government official. As a result, some questions were revised, and others were removed from the semi-structured questionnaire. The duration of the interviews was 60 minutes. The structured section of the interview questionnaire was measured using a five-point Likert scale. Section C comprised open-ended questions.

For analysis, the structured data was captured into a computer-assisted program, the Survey-Monkey, which was exported electronically to MS Excel. The collected data was then entered into the Statistical Program for Social Sciences (SPSS, version 24) for analysis. Descriptive statistics were used to describe the main features of the data in quantitative terms. This paper focused on the quantitative aspect of the study.

Findings and Discussions

This section presents the findings of the study. The research questions were stated as:

i.   What are the procurement challenges faced by stakeholders within the commuter bus industry in Gauteng, South Africa?

ii.   Is there a difference in the perception between the operators and the officials on the challenges faced by the industry in South Africa?

To answer the first question, we employed a descriptive analysis, and for the second question, inferential statistics as presented below.

Descriptive analysis

In line with the first research question, Table 4 presents the mean values and standard deviation based on the responses.

Table 4: Procurement challenges faced within the commuter bus industry

Statements	Mean		Std. deviation
	Statistic	Std. error	Statistic
Limited funds to meet the operators' operational needs	4.50	.185	.786
Frequent reshuffling of transport personnel in government	4.33	.229	.970
Political interference	4.17	.218	.924
Lack of consensus between stakeholders on the most suitable procurement practice	4.00	.181	.767
Ongoing intimidation by taxi operators	3.78	.286	1.215
Deficiency in administrative capacity to implement the chosen policies	3.61	.183	.778
Poor policy implementation	3.61	.183	.778
Lack of coordinated relationship between government and operators	3.00	.243	1.029

Source: Authors' compilation

As indicated in Table 4, the major challenge affecting the effective operation of the commuter bus industry is the "limited funds to provide public transport services" with a mean value of 4.50, followed by "the frequent reshuffling of transport personnel in government" with a mean value of 4.33, then "the limited funds to provide public transport services" with a mean value of 4.28, and the "political interference and linkages" with a mean value of 4.17. The least rated challenges were the "lack of consensus between stakeholders on the most suitable procurement practice", "ongoing intimidation by taxi operators", "deficiency in administrative capacity to implement the chosen policies", and "poor policy implementation", with mean values of 3.00 to 4.00. Overall, most challenges were experienced to a moderate extent as indicated by the range of mean values, which lie between 3.28 and 3.67. The lack of funds proved to be the most challenging factor within the industry that hinders its effective operation (SABOA, 2017). This shows that the respondents are affected by these challenges, but there is definitely room of improvement regarding these issues, since they are critical for the operations. These empirical findings are in agreement with the findings from the literature review. For instance, the challenges with the highest means were also identified by the respondents when advising of their own observations of the industry about the procurement of the bus services, the deficiency of administrative skills among staff, poor policy implementation, lack of operational funds, political interferences, lack of consistency among stakeholders on the best procurement practices, frequent reshuffling of senior staff members, and the continuous intimidation of bus operators by the taxi industry

Inferential statistics

To answer the second research objective, the following hypothesis was constructed:

i. Null hypotheses: there is no significant difference between the operators and the officials concerning the challenges faced by the sector in SA

ii. Alternative hypothesis: there is a significant difference between the operators and the officials' concerning challenges faced by the sector in SA

Table 5 presents a comparison of the views between the operators and the officials on the challenges faced by the industry in SA. The level of statistically significant difference, at a 5% level, and the mean values are indicated.

Table 5: Significant differences about the challenges faced within the industry

Constructs		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference
Deficiency in administrative capacity to implement the chosen policies	Equal variances assumed	0.706	0.413	-0.438	16	0.667	-0.169
	Equal variances not assumed			-0.447	13.733	0.662	-0.169
There is poor policy implementation	Equal variances assumed	6.482	0.022	-1.076	16	0.298	-0.403
	Equal variances not assumed			-1.275	14.236	0.223	-0.403
There are limited funds to meet the operators' operational needs.	Equal variances assumed	0.508	0.486	0.299	16	0.769	0.117
	Equal variances not assumed			0.337	15.915	0.74	0.117
Political interference and linkages	Equal variances assumed	0.748	0.4	-0.426	16	0.676	-0.195
	Equal variances not assumed			-0.458	15.61	0.653	-0.195
Lack of agreement between stakeholders on the most suitable procurement practice	Equal variances assumed	0.75	0.399	0	16	1	0
	Equal variances not assumed			0	15.971	1	0
	Equal variances not assumed			0.191	14.236	0.851	0.078
Ongoing intimidation by taxi operators	Equal variances assumed	1.755	0.204	-1.018	16	0.324	-0.597
	Equal variances not assumed			-1.117	15.941	0.28	-0.597

Source: Authors' compilation

Regarding the deficiency in an administrative capacity to implement the chosen policies, there are limited funds to meet the operators' needs, political interferences and linkages, lack of agreement between stakeholders on the most suitable procurement practice, there are limited funds to provide transport services, frequent reshuffling of transport personnel in government, and the ongoing intimidation by taxi operators, the results indicated that the null hypothesis of equal variances assumed could not be rejected with a p- value>0.05. Regarding poor policy implementation and inconsistency in the allocation of subsidies between provinces, the results indicated that the null hypothesis of equal variances assumed was rejected with a p- value<0.05. Furthermore, the appropriate corresponding t-test was applied to each construct. The results for the actual Independent Samples t-test indicated that regarding the deficiency in administrative capacity to implement the chosen policies, the limited funds to meet the operators' needs, political interferences and linkages, lack of agreement between stakeholders on the most suitable procurement practice, the limited funds to provide transport services, the fronting activities, the frequent reshuffling of transport personnel in government, and the ongoing intimidation by taxi operators indicated that the mean difference between the operators and the government officials is not statistically significant with a p-value>0.05.

In this study, we explored the procurement challenges that are faced within the commuter bus industry and the participants' views on the most hindering challenge about the bus operations and service delivery. The findings corroborate with the literature review showing the negative impact of the lack of operational funds (mean of 4.50), the frequent reshuffling of transport personnel (mean of 4.33), political interferences (mean of 4.17), and lack of consensus between the key stakeholders within the industry (mean of 4.00), taxi intimidation (mean of 3.78), deficiency in administrative capacity to administer the chosen policies and poor policy

implementation (with a mean of 3.61) respectively. The significance highlighted in the inferential findings are also in agreement with the descriptive findings. Heyns and Walters (2012) reported the same view in their study where policy implementation stood out as a challenge, government capacity in respect to public transport policy implementation. Walters (2010) also highlighted the lack of operational funds as one of the biggest challenges and/or hinderances affecting the smooth operation of the industry, which was also asserted by Ngcamphalala (2018).

Conclusions

This paper has highlighted the procurement challenges faced by the commuter bus industry in Gauteng, South Africa, which are mainly repercussions of several inefficiencies in the industry. These include but are not limited to the lack of operation funds and limited implementation of procurement guiding policies. This was evident in the literature review that the procurement challenges stem from poor implementation of policy that guides this function within the industry (Ngcamphalala, 2018). The whole process of policy formulation and implementation hurts the industry ("it is killing the industry"). According to Mills (2010), poor leadership regarding policy implementation or a lack of consultation with the people involved is killing the African continent. This leads to ruinous decisions by leaders and, as such, the commuter bus industry does not want to find itself in that state.

This industry has come a long way, with tangible improvements, including reforms in policies and breakout contracts. However, there are still shortcomings that government needs to focus on, like injecting sufficient operational funds into the industry, investing in the training of personnel responsible for contracting these services (law and procurement skills), fully implementing of the procurement policies to promote competition among other things, and building good relations among stakeholders (government, operators and the commuters). Over and above that, the government needs to pay attention to the policy direction in the industry (which includes the frequent reshuffling of senior transport personnel in government and funding). The replacement of the Minister of Transport between 2013 and 2023, Ms Dipuo Peters by Mr Joseph Maswanganyi; by Dr Blade Nzimande; Mr Fikile Mbalula, and now Ms Sindisiwe Chikunga, is a good example (Tabane, 2017; SAHO, SABOA, 2017; Payne, 2023). As a way forward and to grow this industry, key stakeholders of the industry need to review the guiding policies and regulations, ensure that these are implemented to the full, and ensure proper consultations with all operators (small and big bus operators).

Furthermore, from these findings, the following recommendations are made to address the identified challenges. The investigation identified the deficiency in administrative skills, poor policy implementation, lack of funds, unamicable stakeholders' relations, political interference, lack of consensus on procurement practice, and ongoing minibus intimidations. All these have impacted the industry negatively, leading to poor execution of the procurement function, deviations in the procurement function, poorly rendered bus services with old fleet, and the use of old, unroadworthy vehicles. For the commuter bus industry to perform effectively and address the identified procurement challenges, a few key factors need to be fulfilled. These include the full implementation of the policies guiding procurement (that is the employment of competitive tendering and negotiation, as guided by the contracts); the training of employees involved in the procurement process of these services (skills on procurement law, policies and regulations), and investing and allocating sufficient budget to this industry (for improved, safe bus services).

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