



Autopax Passenger Services (SOC)

Strategic Plan

2022 -2024

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List of Abbreviations

CSI	Customer Satisfaction Index
ICT	Information and Communications Technology
NDP	National Development Programme
NTMP	National Transport Master Plan
SOC	State Owned Company
VOR	Vehicles Off Road

1. Introduction

Autopax Passenger Services (SOC) Ltd also known as Autopax is a wholly owned subsidiary of the Passenger Rail Agency of South Africa (PRASA). The company derives its mandate from the Shareholder's compact. In addition, the company also manages the PRASA Group's bus business with the mandate to grow the market share, expanding the business and create shareholder value.

In terms of the Legal Succession Act, Autopax exist to service the primary mandate of PRASA which is, provide in consultation with the Department of Transport, for long haul passenger rail and bus services_within, to and from the Republic in terms of the principles set out in Section 23 of the Legal Succession Act.

PRASA has further mandated Autopax to provide feeder services to Metrorail Operations.

Autopax also exist to support PRASA Rail Operations in cases of emergencies and occupations.

The Autopax strategy is focussed to turn the company around. The strategy is aligned to the PRASA Get on Track strategy which refers to the sustainability of Autopax which identify key structural and policy interventions that should be reviewed so that Autopax can be self-sustainable within the next 3 years.

2. Purpose

The Autopax strategic turnaround Plan has been developed to improve **reliability, availability, predictability and safety (RAPS)** of the services with a view of ensuring a consistent, efficient and effective operations leading to financial sustainability and improved customer centricity.

This will contribute to the delivery of the overall PRASA Turnaround Strategy and sustainability of the organisation.

3. Executive Summary and Background

Autopax is a wholly-owned subsidiary of PRASA that operates 2 Brands – Translux and City to City. Our service offering includes Long distance, Charters and Rail support services. Autopax derives its mandate from the Shareholder’s compact and aims to create shareholder value by growing the market share and business expansion. The Company services the primary mandate and the main business of PRASA in terms of Section 4 of National Land Transport Act, 2009.

Autopax has ambitions of assuming leadership in the long-distance road passenger transport solution. This is supported by Autopax’ mission of providing a preferred, sustainable, high quality, seamless and affordable road passenger transport services.

Autopax has been faced with several operational, financial and leadership challenges in the past three years. The instability at management and leadership level has had a direct impact on continuity and ability to turn the business around at the speed required.

Autopax is struggling to meet the ever-increasing passenger expectations for high quality affordable and reliable service and this is evident in the decline in customer satisfaction index.

This turnaround plan is necessitated by several business challenges that confront the company today. In the process of crafting the plan that will return the company to a financial sustainable level, the leadership of the business is confronted with the challenge of effectively managing the current business whilst creating and implementing the future Autopax business strategy based on this turnaround plan.

3.1 Legislative Mandate

The drafting of the Autopax turnaround strategy takes cognisance of the legislative environment within which the company operates with specific reference to the following:

- ❖ The National Land Transport Act (Act 5 of 2009).
- ❖ Legal Succession Act of South African Transport Services (SATS) Act of 1989 *as amended*.
- ❖ National Land Transport Transition Act (Act 22 of 2000).
- ❖ Public Finance Management Act (Act 1 of 1999)
- ❖ Companies Act (Act 71 of 2008)
- ❖ Labour Relations Act (Act 66 of 1995)
- ❖ Employment Equity Act (Act 55 of 1998)
- ❖ Basic Conditions of Employment Act (Act 75 of 1997)

3.2. Vision, Mission and Values

Vision: To be the leader in road passenger transport solutions to the nation and SADC member states.

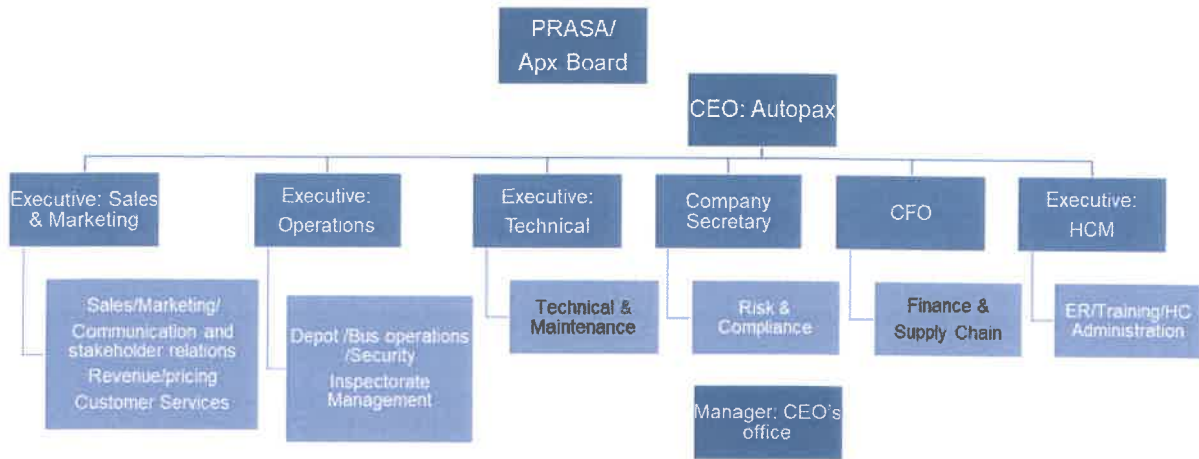
Mission: We provide preferred, sustainable, high quality, seamless and affordable road passenger transport services.

Values: Autopax aligns with the values of PRASA being:

- ❖ **Fairness and Integrity** - Treating our customers and our colleagues the same as we would like to be treated.
- ❖ **Service excellence** - Provide the kind of service that ensures that our customer leaves with a smile.
- ❖ **Performance driven** - Developing the ability to venture into new breakthrough areas of opportunity whilst offering quality products to our customers.
- ❖ **Safety** - Ensuring our customers and colleagues enjoy their journey and arrive safely and refreshed.
- ❖ **Communication** - Sharing information with our customers and colleagues in an open and honest way.
- ❖ **Teamwork** - Working together with our customers to achieve a common goal and recognising each other's worth.

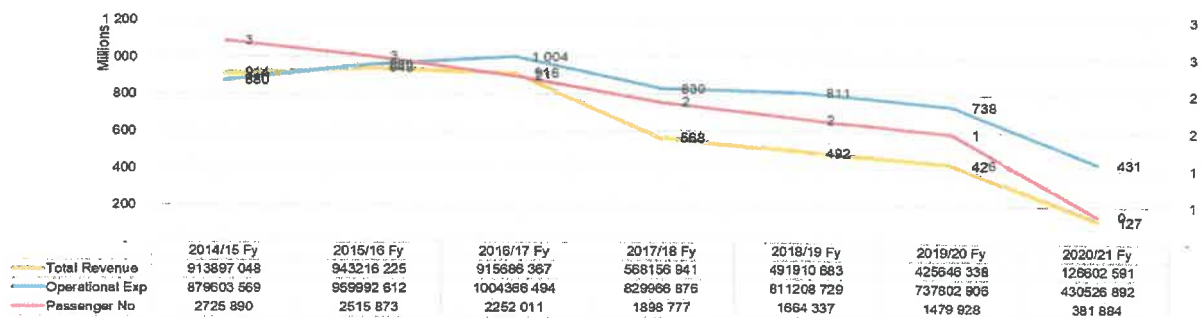
3.3 Operations and Financial Overview

3.3.1 High level organisational structure



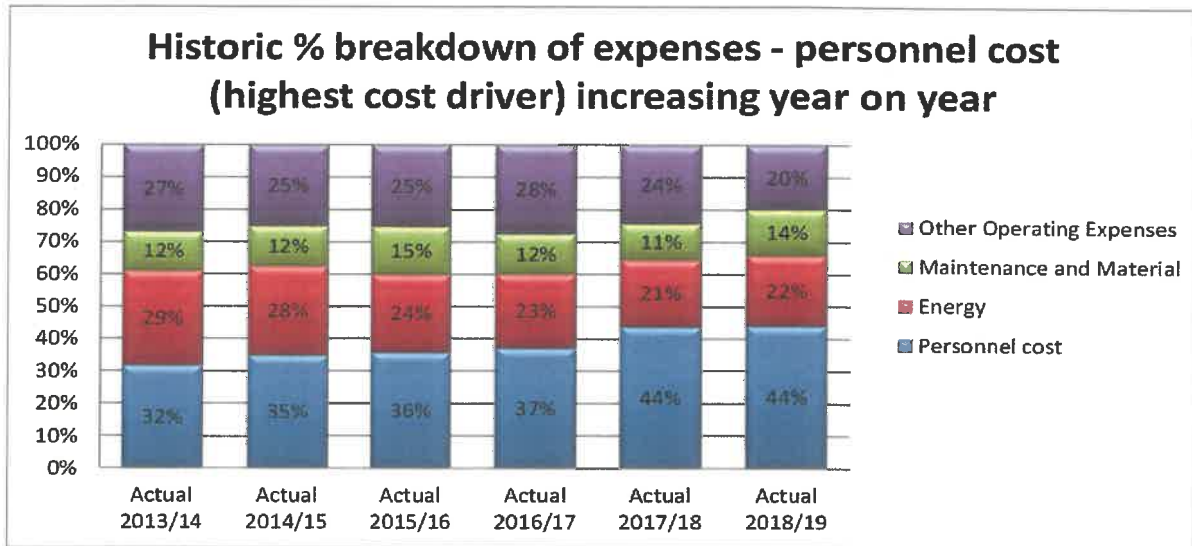
4. 3.3.2 Seven (7) Years Financial overview:

AUOTPAX - ANNUAL PERFORMANCE REVIEW – Revenue and Opex							
PERIOD: 01 APR 2014 – 31 MAR 2021							
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Total Revenue	R 914m	R 943m	R 916m	R 568m	R 492m	R 426m	R 127m
Fare Revenue	R 751m	R 709m	R 617m	R 511m	R 478m	R 419m	R 114m
Operating Expenses	R 880m	R 960m	R1 004m	R 833m	R 811m	R 738m	R 431m
Operating Profit/(Loss)	R 8m	(R 29m)	(R 212m)	(R 344m)	(R 443m)	(R 327m)	(R 337m)
Prasa Loan	-	-	R 70 m	R 203m	R 277m	R 234m	R 170m

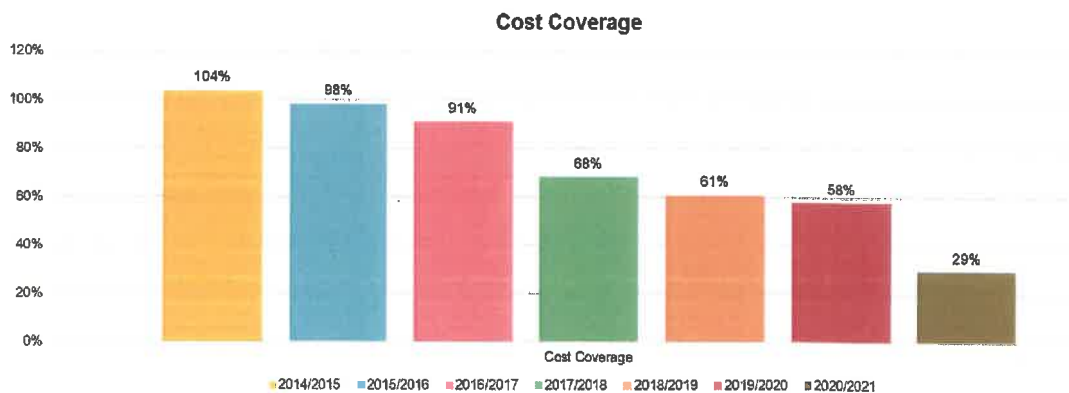


Total revenue and fare revenue decreased during 2020 financial year by 53% and 44% respectively when compared to that of 2015; whilst operating expenses only decreased by 16%. The anomaly in the reduced revenue being far more than the reduction in costs are mainly the result of fixed costs not decreasing, mainly made up of manpower related costs, to be in line with buses not available for operation.

3.3.3 Major Cost drivers overview



3.3.4 Cost Coverage



The tables above reflect the **Unsustainable cost structure** in the current operation: The key cost drivers such as Employee costs as a percentage of total cost has increased from 37% in 2016/2017 to 47% in 2018/2019 and over 50% in the current financial year. This is mainly due to the negotiated salary increases which have been above CPI at 9% for the past 3 years. The number of employees has declined but the employee cost has gone up over the years. Diesel representing 23 % of total cost has also increased substantially over the last few years, this is due to the fluctuation in the exchange rate and increase in fuel prices. This also applies to the costs repairs and maintenance costs because spares are also affected by the exchange rate and the age of the current fleet.

3.3.5 Fleet Status

AUTOPAX OWNED BUSES				
Buses	Cape Town depot	Harmony depot	Salvokop depot	Total
MAN 25T352FOCL (MARCO POLO) TRAINING BUS			1	1
MAN 25T352FOCL (Marcopolo Viaggio) TRAINING BUS		1	1	2
MERCEDES OH2429 (MARCO POLO) TRAINING BUS	1	1		2
Mercedes Benz Truck		1		1
MAN 26.310 6X2 FOCNR MAN/ City to City 79 Seater			5	5
MB 24.360 6X2 0500 ORSD ANDARE/ City to City 61 seaters	49	158	55	262
MB 24.360 6X2 0500 ORSD PARADISO / Translux	48	32	79	159
	98	193	141	432
PRASA OWNED BUSES				
Buses	Cape Town	Harmony	Salvokop	Total
MAN Lion Explorer		13	73	86
Mercedes-Benz Paradiso			1	1
Prasa		13	74	87

The age of our fleet and the inadequate fleet management regime has led to unreliability of Autopax services. More than 80 % of operational buses have travelled between 600 001 – 1 000 000 kilometres. This has resulted in an increase in maintenance costs and bus availability has reduced to below 30% which also puts a strain on the operations. Key to the long-term strategy is the scrapping of redundant buses and buying of new busses.

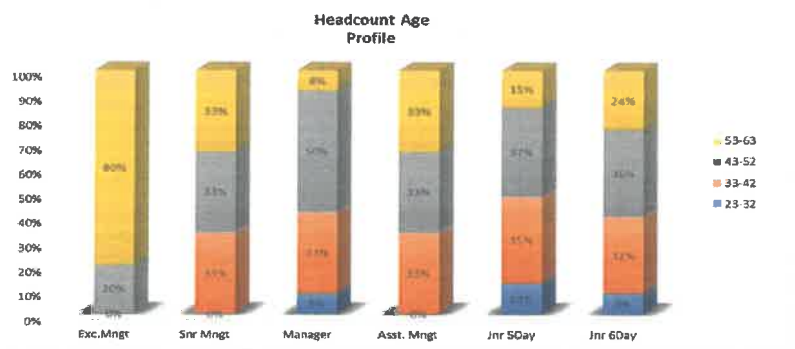
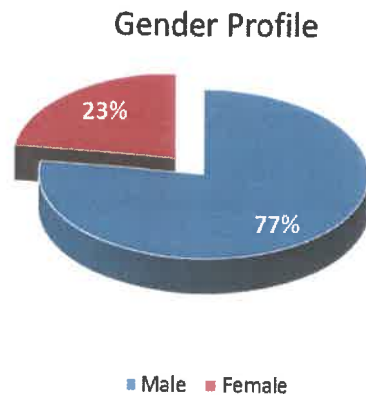
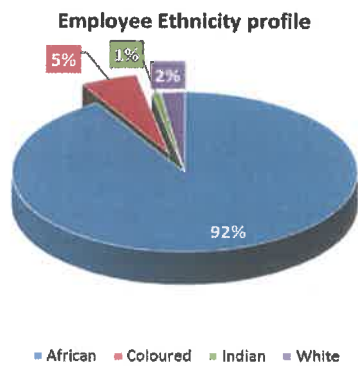
3.3.5.1 Long Distance Fleet requirement

	Harmony depot	Salvakop Depot	Cape Town depot
Bus requirement for services	72	52	36

Currently the business is not able to meet its operational requirements. The average number of operational buses is approximately 100 against a requirement of 133 plus spare capacity. Key to the strategy is to increase the number of operational buses to meet the expected demand increase on long distance and cross border services.

3.3.6 Employee Status overview

LEVEL	GENDER		TOTAL
	Female	Male	
Exec. Management	1	4	5
Snr Management	3	6	9
Manager	10	14	24
Asst. Management	3	3	6
Jnr Official 5Day	158	679	837
Jnr Official 6Day	45	34	79
Grand Total	220	740	960

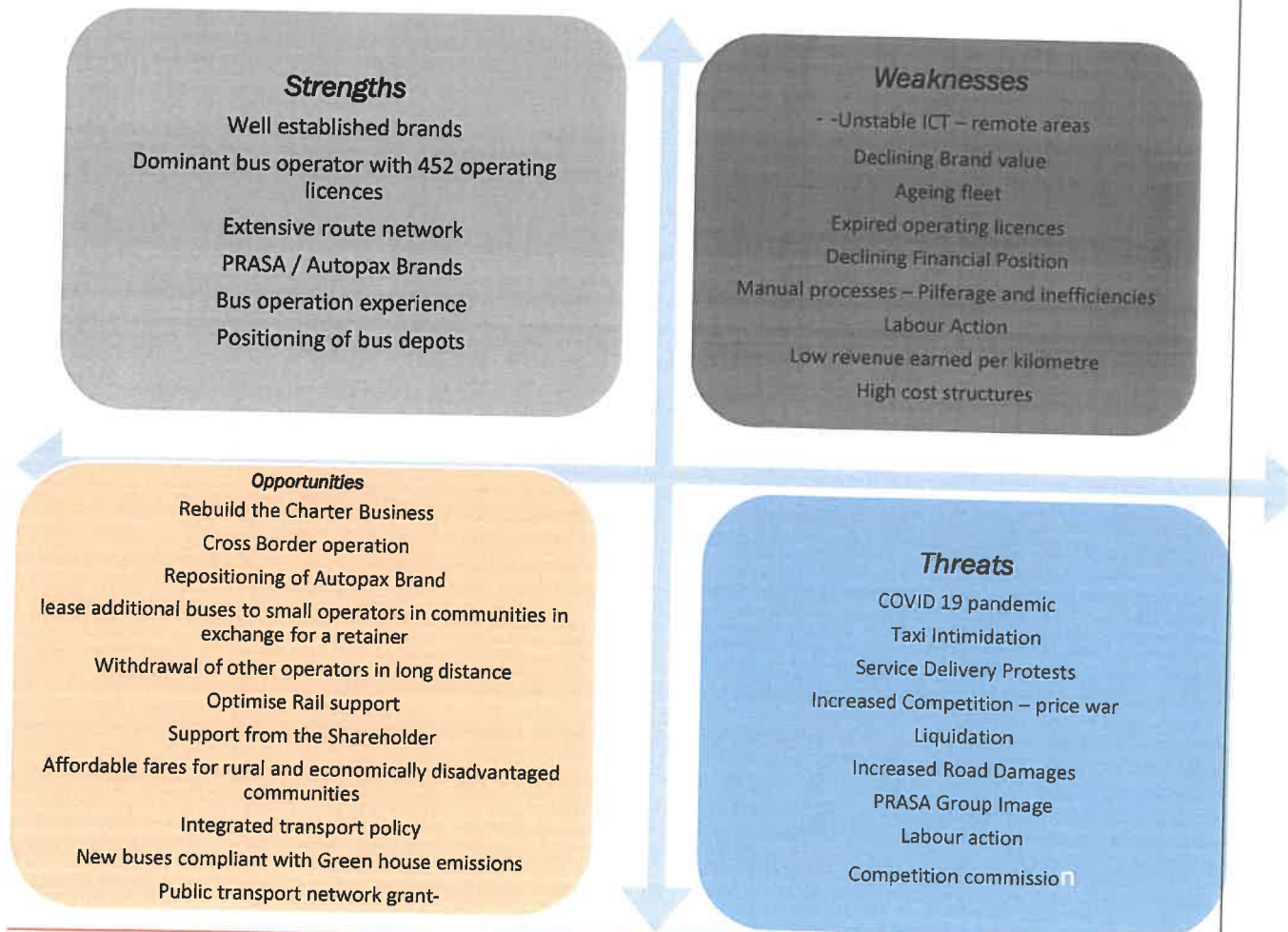


Employee costs contributes over 50% of the total expenses. The reduction in the number of services and operational buses has resulted in excess staff. One of the key success factors of the turnaround strategy is to reduce the cost of doing business. With the streamlined business model, central to the strategy is the design a fit for purpose structure and the right sizing of the operation.

4. Internal Environment

This section focuses on the current internal environment utilising the SWOT Analysis (Figure 1) to indicate where Autopax is strong, where we need to improve and where our opportunities and threats exist. The current customer profile (Figure 2) illustrates who we have as customers currently and their reasons for choosing Autopax brands. Our Service offering covers a wide spectrum of the market as demonstrated below.

4.1 Swot Analysis



4.2 Customer Profile

Customer research was conducted in 2015 to determine the profile of the Autopax customer.

The **City to City** consumer group (Figure 2) are classified as the loyal customers who will stick with the brand that they trust. It is concerning that the Customer Satisfaction Index is decreasing overall. Losing this customer sector, which contributes 70% of Autopax fare revenue, means that they will build their loyalties elsewhere.

The **Translux** customer is the one looking for more luxury and comfort. This customer is not as loyal as the City to City customer as they more disposable income and have choices. They will not only go to the direct competitor, but they will tend to prefer the Indirect Competitors such as Airlines.

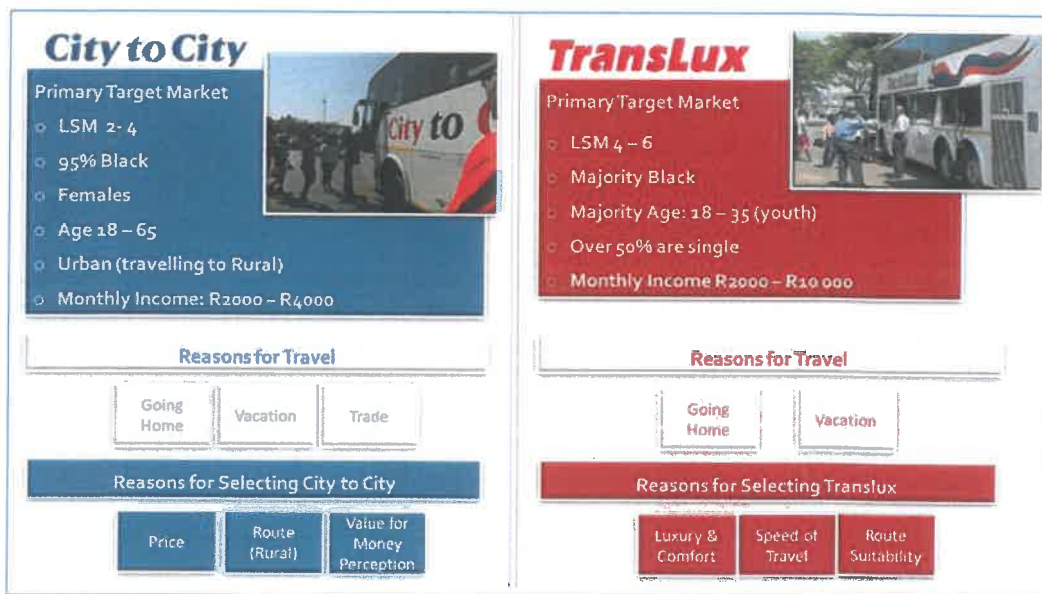


Figure 1 : Customer Profile and their Reasons for Travel and Choice of Travel

In determining the future of the bus division within PRASA, it has become evident that our customers have revolved and that requires the organisation to review its product offering and design a product that will be attractive to both the lower income group whilst appealing to the middle to higher income groupings. There is a market for such a product, and it is management's considered view that a single brand that has more seating capacity, which is comfortable, reliable, safe and affordable will give Autopax a competitive edge in the marketplace.

4.3. Autopax “go to Market” overview

Autopax collects its revenue from both direct and indirect channels. Over 50% of fare revenue is collected from direct channels which include Sales offices, Call Centre, website and by the drivers.

The go to market strategy in the bus industry can make or break the organisation. One of the key success factors in this environment is easy access to your services. With the increase in competition and the declining economic condition brought about by the COVID 19 pandemic, bus operators are expected to operate in very challenging circumstances.

Below is the current operating structure of Autopax and considering the above, the strategy makes reference to the reviewing of the structure and consolidate these to be aligned with the streamlined business operation.

Direct Channels (53%)	Indirect Channels (45%)	Independent agents (2%)
40 Sales offices	Computicket	Travel Agencies
1 Call Centre	Shoprite/Checkers	Individual agents
Online/Website	Blue Label (SPAR, Engen etc.)	
Drivers	Pick and Pay	

Table 1: Autopax Sales Channels

4.4. Autopax Depots and Route network

Table 2: Autopax National Depots

Our Depots	Our Routes
Johannesburg Pretoria Durban Cape Town	North/Mpumalanga Corridor Coastal Inland Corridor

Autopax operates from four depots nationally, the biggest being the Johannesburg depot, commonly known as Harmony depot. Johannesburg, Durban and Cape Town depots are owned by Transnet whilst Pretoria is owned by the Department of Public Works.

5.External Environment

5.1 Competitor Profile

The Figure below illustrates the competitor profile for both Translux and City to City. The advantage that other local bus operators have over Autopax is that they are either Privately Owned or Family Owned and some are listed entities. This eradicates the hierarchical decision-making processes that Autopax must face. Regulatory policies and other compliance measures are the very deterrents of certain processes and approvals which give our competitors a competitive advantage.

The Indirect Competitors – low cost airlines for the premium sector and Minibus Taxis are taking away a share of the market share that the bus industry owned in the past, by not only offering accessibility, speed and frequency (airlines and minibus taxis), but offering premium class.



5.2 Competitor landscape

Focus Area	Intercape	Greyhound	APM	Eldos	Translux	City to City
IDENTITY & IMAGE						
Brand	✓	✓	✓	✓	✓	✓
Image - Staff/Buildings	✓	✓	✓	✓	✗	✗
ONBOARD OFFERING						
Onboard Entertainment	✓	✓	✓	✓	✗	✗
Onboard Wifi	✓	✓	✓	✓	✗	✗
COACHES						
Look & Feel	✓	✓	✓	✓	✗	✗
LUGGAGE						
Effective Luggage Program	✓	✓	✗	✓	✗	✗
STRATEGIC PARTNERSHIPS	✓	✓	✗	✗	✓	✓
FLEET RENEWAL PROGRAM	✓	✓	✗	✓	✗	✗
CUSTOMER RETENTION						
Loyalty Program	✓	✓	✗	✗	✗	✗
ADVERTISING BUDGET	✓	✓	✓	✓	✗	✗
PRICING	☹	☹	☹	😊	☹	😊

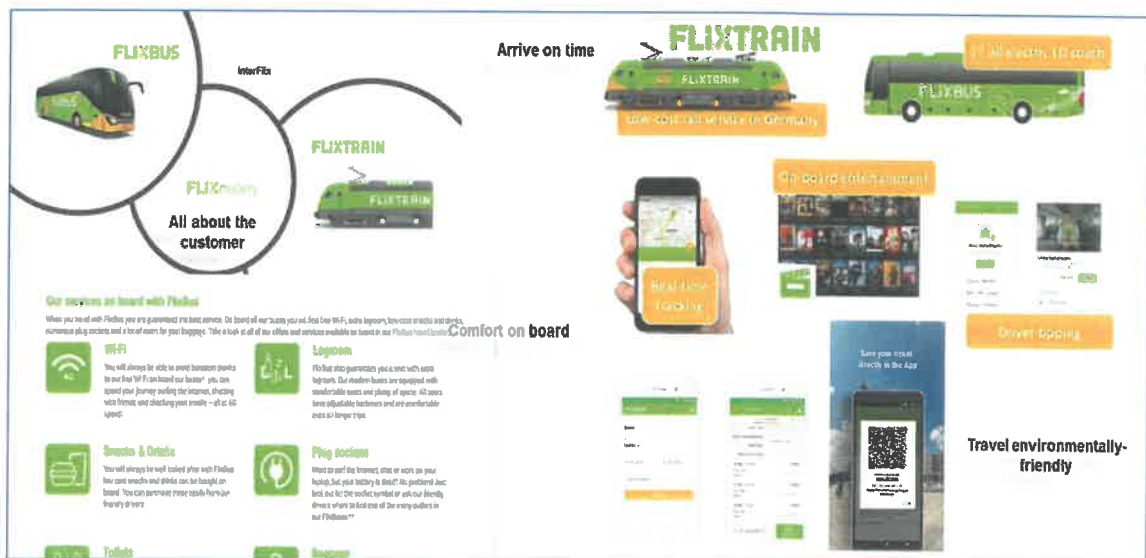
It is Management's considered view and analysis that there is a market for a single product that addresses both the semi luxury and the luxury market. Although there had been challenges with the delivery of services during the past few years, the City to City brand remains strong in the market. This is the market Autopax is considering exploring going forward. Judging by the above table, it is evident that Autopax is far behind the competition and for us to succeed going forward, our product review is critical.

5.3 International Benchmarking

In formulating the turnaround strategy, a desk top benchmarking exercise was conducted focusing on a company with a similar profile as PRASA and Autopax specifically.

Flix-Mobility is a start-up from Germany, launched in 2011. The two brands are FlixBus and FlixFlixBus. Customer Centricity is at the core of their business. Some of the features offered on their busses are: Free Wi-Fi; Snacks on Board; Charging Ports; Cashless Booking and On-board entertainment.

Key learnings from this operator is that they put the customer at the centre of everything that they do. Their systems, operations, technology, comfort focuses on customer experience and it is what sets them apart from other operators.



The infographic is divided into several sections:

- Arrive on time:** Features images of FlixFlixBus and FlixBus buses with the text "Arrive on time" and "Use advanced services in Germany".
- Go board entertainment:** Shows a smartphone displaying a media player interface with the text "Go board entertainment".
- Travel environmentally-friendly:** Shows a smartphone displaying a QR code with the text "Travel environmentally-friendly".
- Comfort on board:** A central section with the heading "All about the customer" and "Comfort on board". It includes:
 - WiFi:** "You will always be able to avoid boredom thanks to our free Wi-Fi throughout our routes. You can spend your journey reading the papers, checking your e-mails and checking your social media." (Note: The original text contains some typos and is partially obscured).
 - Logoson:** "FlixBus also guarantees you a rest with extra legroom. Our modern buses are equipped with comfortable seats and plenty of space. Of course, there are adjustable headrests and are comfortable even on longer trips."
 - Snacks & Drinks:** "You will always be well looked after with FlixBus. Our crew members and drivers can be bought on board. You can purchase these snacks from our friendly drivers."
 - Plug socket:** "Want to surf the Internet, chat or work on your laptop, but your battery is dead? No problem! Just look out for the socket symbol or ask our friendly crew. It's what we do best at: to serve you better in our FlixBuses!"
- Other features:** Includes icons for "InterCity", "FlixBus", "FlixFlixBus", "Toll-free", and "Bus stop".

6. SITUATIONAL ANALYSIS

6.1 Industry is characterised by the following traits:

- Highly competitive environment with price sensitive passengers.
- Intimidation of Autopax busses by Taxi operators mainly in the Eastern Cape, Vaal Triangle and the North.
- Capital- and Labor-intensive environment.
- Competitors regularly investing in new fleet including Super Luxury Double Decker to address the volumes and the high expectations of our passengers.

Industry passenger profile (Source NHTS 2013)

Table 1: Weekly use of travel modes Days used	% of people that used mode in past 7 days			
	Train	Bus	Minibus-taxi	Car
Number of users	1 083 000	2 566 000	10 080 000	7 088 000

Despite the recent rapid growth in car use, public transport and walking are still the predominant “lifeline” forms of mobility for the vast majority of South Africans in order to access work, schools and services*.

The following statistics were provided from the NHTS 2013:

- 38 million citizens live in households with no access to cars
- 80% of adults do not have a driver’s license
- 7 million workers and learners use public transport
- 13.7 million People used public transport at least once a week while 7 million used a car.

6.2 Key Research Insights on Long Distance Bus Passenger: Choice of Transport

- Cost of transport - Price
- Speed (number of “unproductive” hours spent)
- Reliability and Frequency of service (including departure and arrival time)
- Safety of passengers

7. THE TURN-AROUND STRATEGY

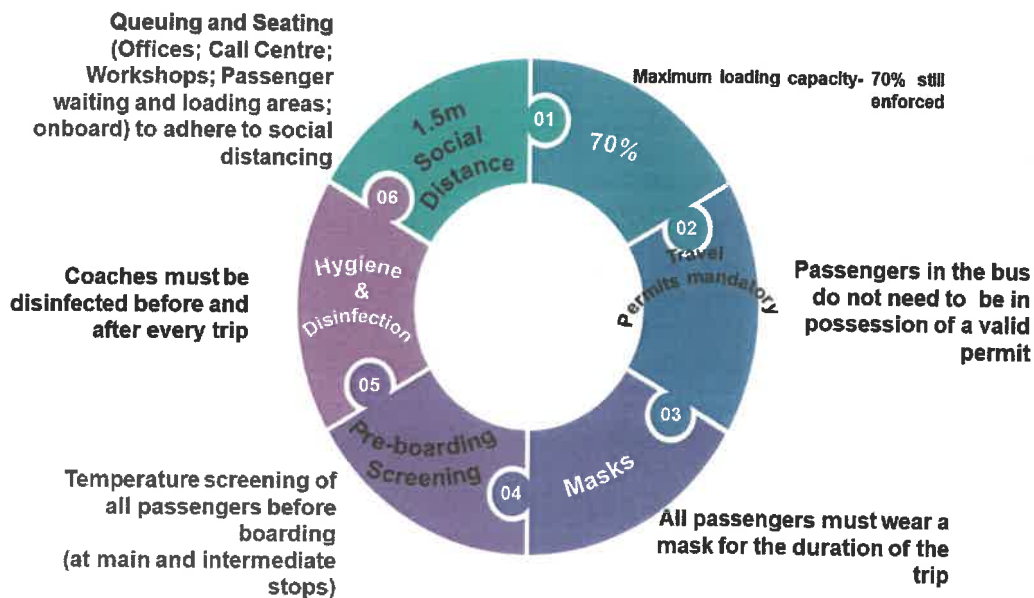
7.1 Strategy context

The context of the Autopax turnaround Strategy seeks to achieve the following:

- Effective delivery on PRASA’s Primary mandate.
- Deliver quality, safe and reliable service in SA and SADC member states.
- Create Shareholder Value.
- Operational Excellence.
- Capacitated, Committed and Performance Driven Employees.
- Financial Viability and Sustainability.
- High Levels of Customer Centricity.
- Contributing to Socio-Economic Policies of Government.
- Corporate Governance.

7.1.1 COVID 19 Impact

The strategy recognizes the reality and the impact of COVID 19 on the business. Below are the current regulations that are adjusted accordingly, depending on the risk level as defined by Government. These regulations have a direct impact on revenue and passenger numbers.



7.1.2 The strategy – Growth focused

The company's growth trajectory strategy is about the increase in the number of operational buses and will pivot around the following:

Organic growth in Intercity and Cross Border operations – The Company has identified a few routes that present a growth opportunity for the business. To this end, the company has lodged applications with the relevant authorities with the aim of increasing the number of intercity services whilst it leverages the current demand on existing routes.

PRASA Rail operations – During the 2014/2015 financial year, the company was able to effectively and efficiently support rail operations leading into inter-company revenue of over R85m for the year. The Autopax strategy and business plan are aimed at returning the company to this position. This plan is integral in the future of Autopax as the bus division of PRASA.

Cross Border operations – The Company is currently operating two daily services between Gauteng and Maputo. The company had recently acquired fourteen (14) permits to operate between Gauteng and Zambia (Lusaka), these expired due to cashflow challenges. The company is also in the process of acquiring additional cross operating permits focusing at Swaziland, Lesotho, Namibia, Botswana and Zimbabwe.

Charter services – The charter market remains a huge opportunity for Autopax towards the realisation of the growth trajectory strategy. The company has in the last two financial years failed to convert a few charter opportunities. With the increase in the number of operational buses, the company will be able to fully explore this market.

Feeder services for Metrorail – The Company is exploring plans with Metrorail and MLPS with the aim of ensuring that it is able to provide a feeder services as per the Legal Succession Act.

8. Historic and Current business challenges

In determining the future of the bus division of PRASA, the business has identified and prioritized the following business challenges. Focusing on these will allow Autopax to deliver and measure strategic areas that will have a direct impact on the turnaround of Autopax.

Business challenges		Description	Root causes
Negative Financial Position	Financial	Financially Distressed <ul style="list-style-type: none"> Severe Cash Flow Challenges leading to inability to pay suppliers, salaries etc. and to acquire material stock. High Amounts of Fruitless & Wasteful Expenditure High Historic Debt <ul style="list-style-type: none"> External debt: +R195m PRASA debt – +R 1. 4 b 	<ul style="list-style-type: none"> Decline in Revenue (Fare revenue collected covering less than 60% of monthly expenses) Shortage of busses: Inability to operate budgeted scheduled and duplicate services Increase in pilferage and ticket irregularities due to manual processes and nonadherence to policies Decline in intercompany revenue
Declining revenue and passenger numbers		<ul style="list-style-type: none"> Passenger Numbers: Declined from 2.7m in 2014/15 to 1.6m m in 2019/20 Fare Revenue: Declined from R750m in 2014/15 to below R400m in 2021 	<ul style="list-style-type: none"> Shortage of busses Increase in competition on our main routes Decline in operational efficiencies: Late departures and late arrivals. Limited Metrorail support and charter movements Pilferage High volumes of cash on buses
Unsustainable cost structure	cost	<ul style="list-style-type: none"> Approximately 80% of costs comprise of: Personnel Cost; Diesel and Maintenance. 	<ul style="list-style-type: none"> Personnel; 44% of total costs is related to personnel costs: Some anomalies below Maintenance: High maintenance costs due to old busses Spares dependent on exchange rate. Diesel: The Diesel price fluctuation Expired diesel supply contract – resulting in purchasing diesel at retail price Lack of kilometre and driver control

Declining Fleet (Status and availability)	<p>Fleet Reduction</p> <ul style="list-style-type: none"> • Total number of buses: 518 vehicles with over 300 not operational • Average of 130 Operational busses vs the current schedule requirement of 177, excluding rail and charter requirement 	<ul style="list-style-type: none"> • Non-adherence to maintenance regime • Aging fleet – bought in 2010 • 49% of the total fleet have major defects such as engine and gearbox failures.
Outdated and unstable ICT environment resulting in fraud and inefficiencies	<ul style="list-style-type: none"> • Major functions using Manual process • Systems and processes not integrated • Outdated systems and fare collection system • No Fleet and driver management systems 	<ul style="list-style-type: none"> • Limited investment in ICT
Declining Customer satisfaction	<ul style="list-style-type: none"> • CSI that measures customer experience has declined from 77% in 2014/15 to 58% in 2018/19. 	<ul style="list-style-type: none"> • Unreliable service due to non-adherence to the schedule (shortage of buses) • Decline in Brand value (Poor service offering/poor look at feel of the buses) • On time departures and arrivals below 40% • No performance and consequence management leading to poor service delivery
Declining Brand Trust and customer confidence	<ul style="list-style-type: none"> • Due to operational inefficiencies, business did not adhere to schedule and on time departures and arrivals declined to below 30%. 	<ul style="list-style-type: none"> • Decline in operational efficiencies resulting in an unreliable service
Leadership instability	<ul style="list-style-type: none"> • Frequent changes in leadership impacting negatively on continuity • Long acting and non-filling at critical leadership positions - 7 CEO's, 4 CFO's, 4 Operations Executives and No Technical Head in 4 years 	<ul style="list-style-type: none"> • Instability at Board Level • Moratorium on recruitment • Financial challenges

9. Strategic Goals and Objectives

Strategic Goal 1 – Governance and compliance

Objectives	Strategic interventions
Review the governing structure of Autopax	<ul style="list-style-type: none"> • Divisionalisation of Autopax
Corporate Governance	<ul style="list-style-type: none"> • Zero tolerance to irregular and wasteful expenditure • Adherence to PRASA policies and compliance with relevant regulatory framework • Achieve a clean audit within the next two years with minor emphasis of matter items • Revise and update all policies and procedures
Deliver on the legal succession act mandate of PRASA	<ul style="list-style-type: none"> • Offer a reliable, affordable, predictable and safe bus operation in SA and neighboring countries
Transfer of PRASA Assets	<ul style="list-style-type: none"> • Transfer of assets from Transnet to PRASA. (Harmony depot, Kokstad, King Williamstown, Umtata sales offices)

Strategic goal 2 – Improve Autopax Financial position

Objectives	Strategic Intervention
Revenue Generation, collection and protection	<ul style="list-style-type: none"> • Diversify Autopax revenue streams. (Long distance, Bus Hire, Rail support and Bus advertising) • Revenue protection: remove manual tickets • Identify and operate high demand long distance routes that contribute to fixed costs. • Intensify inspectorate on high demand routes
Increase Revenue and passenger numbers	<ul style="list-style-type: none"> • Asset and Route optimization • Increase intercompany revenue • Review of product offering • Move to cashless operation • Each depot / route to be an independent profit Centre • Electronic monitoring of drivers and buses
Improve Autopax Financial position	<ul style="list-style-type: none"> • Settle historic internal and external debt • Funding model for Autopax • Eliminate irregular and Fruitless expenditure • Strategic sourcing • Strengthen internal controls • Introduce Integrated systems and procedures
Reduce and maintain the cost of doing business	<ul style="list-style-type: none"> • Rightsizing of the organization based on bus requirement • Consolidation of Northern depots into one depot • Consolidate Marketing, Sales and operations into one function • Review route to customer strategy – reduce ticket selling points and strengthen 3rd party agents • Kilometer control and monitoring • Fuel supply contract

Strategic Goal 3 – Improve operational efficiencies

objectives	Strategic Intervention
Increase Customer satisfaction Index	<ul style="list-style-type: none"> • Review Product offering – offer one brand to cover both luxury and semi luxury market (Trans city) • 100% Adherence to schedule • Breakdown management and follow-ups • Decentralized depot management • Depot modernization • Implement Road and Passenger safety measures • Electronic on route monitoring of the bus and driver (Central control Centre)
Improve Information Communication Technology	<ul style="list-style-type: none"> • 100% Network availability • Integration of systems between Operations / Human Resources / Financial / SCM and Technical • Effective ticketing system • Cashless ticketing - Removal of manual tickets • Acquire an Operations Module (Automate rostering and Scheduling) • Acquire a Fleet and driver monitoring system

Strategic goal 4: Asset Management

Objectives	Strategic interventions
Asset management	<ul style="list-style-type: none"> • Fleet recapitalization – Bus replacement and refurbishment of buses. • Finalize bus replacement and refurbishment policy • All new buses to have bolt on maintenance contracts • Sell redundant buses • Invest in a Fleet and driver monitoring system • Policy on and implementation of environmentally friendly vehicles and local content requirement

Strategic Goal 5 – Human Capital and Performance management

Objectives	Strategic interventions
Focus on Performance management	<ul style="list-style-type: none"> • Rollout performance management system • Lean and flat organisation to drive productivity. • Develop business aligned employee skills plan • Socialise defined HCM processes to ensure consistent application • Standardise HCM governance structures in line with defined mandates and accountabilities • Automation of HCM processes to run on technology enabled platform • Consequence management

Strategic Goal 6 – Marketing, Communication and stakeholder relations

Objectives	Strategic interventions
Rebuild Brand Trust and customer confidence	<ul style="list-style-type: none"> • Deliver on our brand promise of being a “reliable, affordable, Predictable and safe bus operator. • Aggressive brand and revenue campaigns • Form strategic media partnerships • Leverage our social media platforms • Joint promotions with key stakeholders

10 Strategic Pillars

- Strategic alignment to the PRASA Group
- Financial sustainability
- Operational efficiencies
- Human Capital
- Customer Service
- Governance and legal framework
- Brand positioning

11. Key risks

- Liquidity and Solvency risk.
- Going concern.
- Loss of Market share.
- Lack of appropriate ICT systems
- Labour unrest
- Performance management
- Reputation and image

12. Strategy Road Map

Year 1 (0 – 12)

Revival & Stabilization

- ✓ Divisionalisation of Autopax
- ✓ Review Autopax operating model
- ✓ Improve operational effectiveness
(Fleet availability to meet operational requirements, including rail)
- ✓ Improve Financial performance – strengthen controls
- ✓ Increase Revenue generation, improve revenue collection and protection
- ✓ Rebuilding the Autopax brands
- ✓ Establish appropriate funding model
- ✓ Cashless ticketing system

Year 2 & 3 (12 – 36 Months)

**Financial Sustainability
Organic Growth & explore
diversification**

- ✓ Revenue diversification
- ✓ Breakeven/ Profitability
- ✓ Clean audit
- ✓ Solvency and liquidity ratios
- ✓ Corporate Social Investment
- ✓ Reduction of carbon footprint
- ✓ Fleet recapitalisation
- ✓ Depot modernisation
- ✓ Enhanced organisational culture
- ✓ Employment creation

13. Strategy Implementation Plan

Short Term strategic goals and Interventions 0 – 6 Months – Revival and stabilisation of Autopax

Strategic Goal	Interventions	Due Date	By Whom	Dependencies/Enablers
Corporate Governance and Compliance	Finalize the Divisionalisation of Autopax	31 March 2021	Shareholder	Minister of Transport Approval Funding of historic debt
	Zero tolerance to fruitless and wasteful expenditure	31 March 2021	All Executives/CFO	Divisionalisation approved / Funding
Improve Autopax Financial Position	Increase operational buses from the average of 100 to 160 buses to meet long distance operational requirements.	30 June 2021	Technical Executive	Funding and approval of capital budget
	Streamline the long-distance operation by reducing current scheduled services from 191 to-133	28 February 2021	Sales and Marketing Executive	APX EXCO Approval of timetable
	Revise passenger fare structures per route and implement	31 March 2021	Sales and Marketing Executive	APX EXCO Approval
	Effective control system implemented to manage passenger luggage revenue	30 April 2021	Sales and Marketing Executive and ICT SM	APX EXCO Approval
	Approval for rightsizing, restructuring and new operating model of Autopax based on bus and operational requirements	16 February 2021	APX HCM	APX Board Approval Rightsizing Funding / Transfer of Excess staff to PRASA
	Approval for consolidation of depots into one	16 February 2021	APX EXCO/CEO	APX Board Approval (linked to rightsizing and restructuring)
	Each route to be an independent profit Centre	1 April 2021	APX EXCO/CEO/CFO	APX Exco Approval
	Decrease ticket selling points / utilize ticket selling agents	31 March 2021	S&M EXEC/ICT	APX Board Approval (linked to rightsizing) Absorbing of staff by PRASA

	Redundant buses sold	31 March 2021	APX EXCO/ TECH EXEC/CFO	Technical Assessment APX Board Approval Approval by PRASA disposal committee
	-Replacement of 100 obsolete / redundant buses with new buses with bolt on maintenance contracts	30 June 2021	APX EXCO/Executive Technical/CFO	APX Board Approval / Budget and Funding approval
	Remove manual tickets enroute	30 June 2021	APX EXCO/ S&M EXEC	Roll out of 3 rd party agents
Improve operational efficiencies	100% adherence to schedule	31 March 2021	APX EXCO/OPS	Approved Timetable
	Electronic monitoring of drivers and buses	28 February 2021	ICT SM	Revision / evaluation of current contract / funding
Human Capital and Performance Management	Consequence Management enforced	31 January 2020	Executive Human Capital	Disciplinary and grievance policies, Monitoring by APX Exco

6 – 12 Months strategic goals and interventions

Strategic Goal	Interventions	Due Date	By Whom	Dependencies/Enablers
Corporate Governance and compliance	Address audit findings of the AG to avoid repetitive findings	31 March 2022	APX EXCO/CFO	
	All policies and procedures had been revised and aligned to new operating model	31 December 2021	All Executives/HCM	Approved operating model
Improve Autopax Financial Position	Additional revenue stream - charters	31 September 2021	Executive Marketing and Sales / APX EXCO	Additional buses
	Integrated ICT programs / systems between operations, finance, human resources and technical	31 March 2022	APX EXCO/ICT	ICT Funding and procurement of the system
	Ring-fence 35 buses for rail support and increase intercompany revenue	30 June 2021	CEO/Operations	RAIL Strategy
	Integrated route schedules with MLPS to provide feeder and distribution services where required	31 March 2022	Executive Marketing and Sales	Approval of MLPS Strategy integrating Autopax
	Generate additional revenue through Bus Advertising.	31 September 2021	Sales and Marketing /Technical Exec	Approval of PRASA CRES Advertising strategy
	Lease buses to small operators in the communities in exchange for a retainer	31 March 2022	CEO/Operations	Bus availability Stakeholder agreement
	Home based refueling	30 June 2021	APX EXCO/CEO	Adherence to SCM timelines
	Invest in kilometer control and monitoring system through a central control Centre	31 September 2021	APX EXCO/CEO/CFO	ICT Funding

	Cashless ticketing	31 September 2021	APX EXCO/ICT	Approved ICT Strategy and Funding
Improve operational efficiencies	Review product offering and offer one brand that addresses the lower LSM 3 – 6.	30 June 2021	APX EXCO/S&M EXEC	Procurement of new buses
	100% network availability	31 September 2021	APX EXCO/ICT	Approved CT strategy and investment
	Acquire operations module	31 September 2021	APX EXCO/ICT	ICT investment and strategy
Human Capital and Performance Management	Performance management system introduced at all levels	31 March 2022	Executive Human Capital	Approved HCM Strategy