

Public Passenger Transport Market Inquiry

Update and preliminary findings

31 July 2019



competition commission
south africa

Why the Public Passenger Transport Market Inquiry?

Enforcement work – several complaints received by the Commission alleging excessive pricing, predatory pricing, exclusionary conduct etc.

Sector prioritisation – Transport sector is one of the priority sectors for the Commission. The poor spend significant proportion of income on public transport – exacerbated by apartheid spatial planning

Market Inquiry Process

Initiation of Market Inquiry

- Initiated in terms of Section 43B of the Competition Act 89 of 1998
- Published a notice in the Government Gazette in May 2017 outlining the Terms of Reference

Terms of Reference covered:

- Price setting mechanisms in public transport
- Price and non-price regulation and its impact on competition
- Route allocation, licensing and entry regulations for different modes
- Allocation of operational subsidies
- Transport Planning
- Transformation in the land based public passenger transport industry

Scope of the Inquiry

Relevant Modes of Public Transport

- Buses: Long & short distance
- Rail: Metrorail, Gautrain
- Taxis: app-based, metered taxi, mini-bus, tuk tuk, 4+1s

Outcomes of a Market Inquiry

In terms of section 43C of the Competition Act, upon completion of the Market Inquiry, the Commission must publish a report with or without recommendations which may include:

- Recommendations for new or amended policy, legislation or regulations; and
- Recommendations to other regulatory authorities in respect of competition matters.

Market Inquiry has five possible outcomes:

- Initiate a complaint and enter into a consent order with any respondent;
- Initiate a complaint against any firm for further investigations;
- Initiate and refer a complaint directly to the Competition Tribunal;
- Take any other actions within the Commission's power; and
- Take no action

Progress of the Inquiry

- Publication of the Terms of Reference
- Issued a “Call for Submissions”
- Industry background research
- Issued information requests and held meetings with stakeholders
- Public hearings in all 9 provinces with over 200 stakeholders making submissions
- Report writing
- Further consultations with stakeholders
- Publish provisional reports with findings and recommendations (forthcoming)

Focus on the bus industry





Interprovincial Bus Services

Preliminary Findings – Interprovincial Bus Services

The relationship between PRASA (as custodian of key intermodal terminal facilities) and Autopax (as an active participant in the provision of interprovincial bus services) leads to competition distortions

Big interprovincial bus operators abuse objection process for obtaining operating licences – delay & discourage entry

The PREs seem to have inadequate capacity & resources to monitor and oversee the provision of interprovincial bus services, thus the process of obtaining operating licences becomes a tedious and expensive exercise for new entrants and small operators

No proper needs and supply and demand assessments when considering applications



Bus Contracting

Preliminary Findings: Bus Contracting

Current subsidy system prevents effective competition between commuter bus operators – lack of adequate funding major contributing factor

Disproportionate allocation of subsidies between different provinces, and between urban & rural operators within the same province

Allocation of subsidies does not adequately take into account challenges and high costs incurred by operators in rural areas

Poor road infrastructure is a major barrier in the provision of public transport

Small bus operators relegated to servicing rural communities and scholar transport



IRPTNs

Preliminary Findings – IRPTN/BRT System

IRPTN/BRT system in its current format has led to a number of inefficiencies: wrong corridor choices, high and escalating costs, low ridership, lack of capacity and mismanagement of BOCs/VOCs

IRPTN/BRT system in its current format may not be suitable for smaller cities that are likely to encounter similar challenges of low passenger numbers and high costs

Submissions to the Inquiry

- **Email:** ppt@compcom.co.za
- **Hand delivery:**
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- **Postal address:**
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- Stakeholders may claim confidentiality on any information or documents deemed to be confidential by completing a CC 7 form
- All information regarding Inquiry process is available on website:
www.compcom.co.za

THANK YOU

