Public Passenger Transport Market Inquiry

Update and preliminary findings

31 July 2019
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 compliant 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
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
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:
  Trevanna Campus Block 2B(4th floor)
  55 Meintjies Street
  Sunnyside
  Pretoria

• Postal address:
  Private Bag x23
  Lynnwood Ridge
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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