



A. The allocation of operational subsidies

Subsidies for public transport is a transformational and progressive instruments particularly for facilitating mobility of working class categories of citizen for the number of reasons;

1. Subsidies provide relief to household in terms of minimizing the cost of transport, with the potential to pass back the savings to these households. It further assists operators to provide efficient services as they are able to procure, maintain and operate with reasonable reliable buses.
2. The subsidized services are beneficial to majority of poor people in areas where they are offered, however, the fare structure in a particular area determine the impact on poor people.
3. The subsidized transport has an advantage of guaranteed revenue if all is equal, whereas non-subsidized there is no guarantee of revenue, however subsidized bus services are scheduled, meaning they are regulated in terms of LRA, BCEA, etc, whereas mini buses are not regulated, they are able to operate all hours.
4. An integrated transport plan will be a solution to eliminate unfair competition

B. Transformation

The best possible means of transforming the industry is as follows;

1. Incubation / sub-contracting of small operators

C. Long term contracting between government and bus operators

1. From government side shortage of funds is the most impediments to competitive bidding from operators side, the market dominance by operators can be an impediment to competitive bidding .

2. There are multiple factors;
 - a. The government funding is limited to extension in terms of society / market growth
 - b. Route / road conditions force other operators to operate in a particular routes therefore impacting on the competitive bidding.
3. There are different operators in terms of size; namely small, medium and large operators. The solution is to create a differentiated funding model and look into the future growth. The funding model should take into consideration the rates to ensure that there is equitable distribution of subsidies.

D. Licensing

1. Depots need to be treated as business units on their own instead of treating GNT as one business unit, therefore impacting the time frames for converting licenses into new operating permits

E. The impact of pricing on competition has the following impact;

- a. It leads to prices wars and destabilises the market and services, it can leads to authorised business collapsing. In the bus industry the prices are static, whereas in the taxi industry prices escalate as and when the inflation rises.

Compiled by

- **Patrick Monkoe**
- **Nolundi Matlou**
- **Rhandzu Dhumazi**