



competition commission
south africa

Media Statement

For Immediate Release

10 February 2020

THE COMPETITION COMMISSION PROSECUTES PRASA FOR ABUSE OF DOMINANCE

The Commission has referred the Passenger Rail Agency of South Africa (PRASA) and its subsidiary, Autopax, to the Competition Tribunal for prosecution for abusing its dominance.

Following an investigation of complaints by various long-distance (interprovincial) bus operators, the Commission found that PRASA is charging excessive prices to the bus operators for the use of Park Station. The Commission also found that PRASA favours Autopax in space allocation and has restricted or denied access to Park Station bus operators, who are competitors to Autopax.

PRASA is the sole owner and manager of intermodal terminal facilities in South Africa including Park Station, which is a strategically located intermodal facility in Gauteng connecting different modes of transport to many passengers.

PRASA's intermodal terminal facilities are indispensable to both long distance bus operators and to passengers as they enable passengers to conveniently, safely and seamlessly connect to different modes of transport at a single location. There is no alternative intermodal terminal facility in Johannesburg.

In addition, PRASA competes with long-distance bus operators through its subsidiary Autopax, which operates two bus services – Translux and City to City. Long distance bus operators include Unitrans Passenger (which operates Greyhound, Citi Liner and Megabus), InterCape, Eldo Coaches, Africa People Mover (APM) and Moolla's Transport Services, Cream Magenta (which operates Eagle Liner and Intercity Xpress).

Long distance bus operators provide scheduled bus services that connect cities in South Africa to each other. The interprovincial operating licence requires long distance bus operators to secure access to terminal facilities. Except for Autopax, long distance bus operators provide an unsubsidised bus

transportation service, and as such the cost of access to an intermodal terminal facility is important to them.

PRASA introduced the Pay-on-Use system together with the hourly access fees per bus in December 2013 at Park Station. The new system significantly increased the bus operators' costs of access to Park Station thus threatening their sustainability and expansion. For an example, the annual increase to Intercape was 460% for 2014.

PRASA introduced and implemented the Pay-on Use system only in Park Station and has not introduced the Pay-on-Use system at its other intermodal terminal facilities in Pretoria, Durban, and Cape Town. The bus access fee is presently set at R480 (four hundred and eighty rand), excluding VAT, per hour per bus for access to loading bays at Park Station, and in addition, PRASA charges a penalty of R150 (one hundred and fifty rand) for every fifteen minutes by which each bus exceeds the initial hour.

Apart from threatening the sustainability and expansion of Autopax's competitors in a market, the Commission is concerned that the costs of these increases are being passed on to consumers. In addition, the collapse of the other bus operators as a result of PRASA's conduct will lead to the market being dominated by Autopax, which will be able to charge passengers excessive prices. Autopax is already charging customers more in routes where it is dominant.

BACKGROUND

Between March 2017 and July 2019, the Commission received separate complaints concerning the Pay-on-Use system as well as access at Park Station from APM, Moola's Transport Services, Intercape, Eagle Liner, and Eldo Coaches.

The Commission investigated the complaints and its investigation found, among other things, that the bus access fee was excessive and the introduction of the Pay-on Use system has substantially increased the costs of interprovincial bus operators.

There's a substantial difference in fees that PRASA charges at the Pretoria, Durban and Cape Town intermodal facilities. In turn, this has threatened the ability of interprovincial bus operators to provide scheduled and affordable interprovincial travel in Johannesburg- linked routes to other cities in South Africa.

In addition, the Commission's investigation found that PRASA allocates a large exclusive area to its wholly owned subsidiary, Autopax, at Park Station, while not providing access to loading bays at Park Station to several interprovincial bus operators who have applied for access to Park Station. Autopax does not fully utilise the loading bays to which PRASA has granted it exclusive use.

PRASA does not enforce payment against Autopax for the payment of the bus access fee and the rent payable for leasing office space at Park Station despite Autopax being in default, but intends to evict other interprovincial bus operators that defaulted on making monthly payments due to the high and unaffordable access fee.

On the whole, the Commission's investigation found PRASA's conduct constituted an abuse of its dominant position as monopoly provider of the only intermodal terminal facility in Johannesburg in contravention of the Competition Act.

The Commission is seeking an administrative penalty against PRASA not exceeding 10% of its annual turnover as well as an order directing it to stop abusing its monopoly over Park Station.

[ENDS]

Issued by:

Sipho Ngwema, Head of Communications

On behalf of: The Competition Commission of South Africa

Tel: 012 394 3493 / 081 253 8889

Email: SiphoN@compcom.co.za

Find us on the following social media platforms:

Twitter: @CompComSA

Instagram: Competition Commission SA

Facebook, LinkedIn and YouTube: The Competition Commission South Africa