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WE WORK HARD TO DELIVER

PRESENTATION ON COMPETITION COMMISSION SOUTH AFRICA



public works,
roads & transport
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA



A. RAIL

A.1 How can the route allocation for Metrorail passenger services be improved or better aligned with other modes to insure that commuter continue using passenger rail services again?

- There is no Metrorail services in the province, however the Department together with Ehlanzeni District, Nkomazi, Mbombela and Bushbuckridge local municipalities are investigating the lack of passenger rail service in the Province with particular reference to a branch line between Bushbuckridge and the City of Mbombela as well as a main line between Lebombo/Ressano Garcia in Nkomazi Local Municipality and Gauteng Province.
- The Department was mandated to investigate the possibility of resuscitating these services . A task team consisting of officials of the Department, Ehlanzeni District Municipality and PRASA at Provincial level was put in place.

B.3 Section 57 of the National Land Transport Act of 2009 (“NLTA”) sets out a process for objecting as part of the operating licence application process. What are the main reasons raised by operators during the objection process?

B.3 The common reason for objection is that the routes applied for, are already operated by the objector and/or other operators, and therefore granting an operating license to an additional operator may result in over supply of vehicles.

B4. How widespread is the practice of objecting to new applications especially by large bus operators?

B.4 Objections by bus operators are not common. Objections occur where there is a common route and another public transport operator is also operating eg mini-bus taxi association.

- The majority of bus operations are contracted / subsidized in the Province.

B.5 In instances where objections were raised by the large operators, did the Provincial Regulatory Entity (“PRE”) finally grant such operating licences and how long did it take the PRE to issue such operating licences?

B.5 Applications with objections can either be approved or declined. Both the applicant and the objector are invited to make representations and a decision is taken after their submissions are considered. Objected applications are finalised within 90 days which caters for requests for postponements by objectors.

B.6 Is the PRE dealing effectively with the objections?

B.6 The PRE is dealing effectively with the objections in that once the objection has been submitted within the 21 days period the applicant is notified of the objection prior to the day of the open hearing.

B.7 Identify ways that can be utilised to balance the legal provisions in the NLTA (of objecting) with potential abuse of the objections process by the larger operators.

B.7 The act provides timelines within which the application and representations must be attended to. Although it is important to give all sides a fair hearing, it is equally important to finalize the matter within reasonable time.

Refer to Regulation 19 (4) of the NLTA read with Section 11 of the PAJA.

5. Alignment to the Statement of Issues: Minibus Taxis

C.1 Does the PRE in terms of new routes act more reactive, in such a way that they would be obliged to approve operating licenses because the minibus taxis are operating already?

C.1 PRE is not obliged to approve routes that are operated illegally already. Before any new route is approved an assessment of the route is done by the directorate – in order to establish whether the route is not operated by other public transport operators as well as to determine if there is any potential conflict from granting the route.

5. Alignment to the Statement of Issues: Minibus Taxis Cont....

C.2 What would be the optimal process that needs to be followed by taxi operators to get new routes allocated to them?

C.2 New routes are allocated after all due processes namely route assessment by the Department, comments by the planning authority and approval by the adjudication committee.

C.3 Underlying reasons and/or justification for the PRE to issue a moratorium, and the effectiveness of the moratoria in deterring entry into the taxi industry?

C.3 The reason for the moratorium on new applications which has since been uplifted in June 2016 was due to the fact that the number of mini-bus taxis without operating licenses was increasing at an alarming rate. Furthermore the recruitment of new members was also further saturating the industry. The Department wanted to give taxi associations an opportunity to confirm their membership and to clean the database.

- Even though there is no moratorium but access is controlled through associations and municipalities

C.4 What mechanisms did the PREs and the municipality put in place to enforce these moratoria?

C.4 Moratoria are communicated to the taxi associations through circulars and the Mpumalanga Provincial Taxi Council.

- No new members or vehicles are registered on the database when there is a moratorium. The regulation of public transport remains the competency of the Department.
- Public Transport Law Enforcement deals with all illegal operations.

C.5 What are the underlying causes for backlogs at PRE and how can they be remedied?

C.5 Backlogs at PRE are caused by some of the following reasons:

- a. Municipalities do not respond to PRE requests within 21 days in terms of section 55 of the NLTA 5 of 2009.
- b. Objections delay finalisation of applications due to requests for postponements by the objectors.
- c. Some Public transport operators also take the Department to High Courts for one reason or another which also delays the PRE from finalising the applications
- d. Some of the delays are related to the NLTIS which is at times slow or crashes.

5. Alignment to the Statement of Issues: Meter Taxis

D.1 Do the proposed amendments to the NLTA address the issues of area restrictions between traditional metered taxi operations and e-hailing services and if not, propose mechanisms that would address the issues identified.

D.1 E- hailing is addressed by the NLTA amendment Bill.

B. BUSES

B. Buses including BRTs, long distance buses, contracted bus services, municipal buses(SUBJECT MATTER AS PER STATEMENT OF ISSUES).

2. Price Regulation and Price setting mechanisms for all modes of public transport.

- Currently there is no legislative prescript that regulates the price setting.
- This can only apply after the implementation of Integrated Public Transport Network
- On the subsidized services the passenger fare increase is approved by the Department after the service provider and the passengers shall have consulted.

3. Allocation of operational subsidies and its impact on competition (intra and inter- modal competition)

- The Province has six interim contracts which are operating locally.
- The bus fare are less than the taxi fare for the same distance.
- The IPTNs aim to address this problem and implementation has started in Mbombela Municipality.

40.1 What is the motivation by the government for extending operating subsidies to other modes of transport and not the minibus taxis given that the latter constitute the biggest mode of transport.

- Government has made attempts to subsidize passengers for all modes, however, these attempts have been frustrated by budgetary constraints.
- The Government is in a process of integrating all modes of transport through BRT or IRPTN's, in terms of the Public Transport Strategy - 2007(including city IRPTN's business plans) and the Public Transport Turn Around Plan.



40.2 Are subsidies benefiting the majority of the poor given that the subsidised services have limited accessibility compared to minibus taxis?

- The market share of the buses and taxis differs from region to region.
- The department provide subsidy for learner transport.
- The department also provide funding for the MPTC
- However, the majority of our people does not benefit from the subsidy regime.

40.3 What is the impact of subsidies on competition between different modes of public transport?

- In Mpumalanga subsidized buses, in the main, transport workers and mainly operate during peak hours.
- The minibus taxis do carry workers but mainly focus on other passengers as well as off peak hour passengers.
- Subsidy does, however, influence competition in favour of the bus industry.



4. Transport Planning – challenges in the implementation of Integrated Rapid Public Transport Networks

44.1 What is the current status in terms of implementation of the proposed IRPTNs?

- With reference to Mbombela IPTN, the process is unfolding very slowly due to challenges encountered in the planning process.

44.2 What are the challenges that have been encountered by stakeholders or by different spheres of government in the implementation of IRPTNs and the development of ITPs?

i. Legislative Prescripts

- It took a bit of time for parties to agree to properly follow guidelines in terms of the following legislative prescripts ;
- Constitution, Intergovernmental Framework Act (No 13 of 2005), National Land Transport Act (No 5 of 2009) and Division of Revenue Act (No 5 of 2015)

ii. Planning process

- There was a delay in the establishment of Public Transport Integration Committee
- There was a delay in the establishment of Intermodal planning committee by the Municipality.
- Delay in finding agreement on the designing and prioritization of corridors not followed.



iii. Institutional Arrangements.

- No dedicated personnel responsible for public transport.
- Excessive dependence on consultants.
- Lack of capacity.

iv. Lack of consultation with affected stakeholders.

- Delay in engaging public transport operators at operational level to obtain accurate data.
- Infrastructure not aligned to bi-articulated buses, Non Motorised Transport and universal access.

v. Budget

- Reduction of Public Transport Operations Grant is affecting the implementation of IPTN's as well as the integration of minibus taxis within the subsidy regime.

44.3. What measures can be put in place to ensure that capacity is developed for the successful implementation of the IRPTNs and the development of ITPs?

- There is a need to capacitate the municipality by developing an organogram that will have officials responsible for public transport matters and that will reduce the dependence on consultants.
- There is a need to increase the budget for infrastructure and operations.

5. Transformation in the public transport- assessment of the transformation level across the value chain

48.1 Identify the top 5 critical inputs for each mode of transport including the suppliers (for taxis, buses and rail)

- To transform the ownership within the bus industry as well as suppliers
- Assist disadvantaged operators to gain skills and capacity to compete with their established counter parts.
- The integration of taxis and buses
- To empower women in different sectors e.g. ownership, value chain, etc
- Empower the taxi industry to diversify

48.2 What are the existing bottlenecks for transformation across the value chain? How best can meaningful participation of historically disadvantaged individuals be achieved in the industry?

- Skills shortage.
- Lack of funding.
- Lack of information and innovation.

9. Contracting relating to bus operations - long term contracts which have not been subjected to competitive bidding for a long time

57.1 What are the impediments to the competitive bidding process by government.

- Non availability of funding to rollout new public transport contracts.

57.2 The impact of the lack of competitive bidding on entry and expansion of bus operators, especially the small operators.

- It delays entry to the market by the previously disadvantaged operators.
- It continues monopoly by established operators.



10. Commuter experiences - waiting times, cost of public transport, walking distances to public transport facilities

- Subsidized bus contracts operates a scheduled services in terms of the official contract timetable. This enables them to provide an efficient service in terms of the waiting times, cost of public transport and walking distances to public transport facilities.

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