



competition commission
south africa

Media Statement

For Immediate Release

04 March 2020

**JOINT PRESS STATEMENT ON ENGAGEMENT BETWEEN COMPETITION COMMISSION
AND MEC MAMABOLO**

Today the Competition Commissioner, Tembinkosi Banakele, Gauteng MEC for Public Transport and Roads Infrastructure, Jacob Mamabolo, and representatives of the Gautrain Management Agency met following the release of the provisional report of the Market Inquiry into the Land Based Public Passenger Transport (Market Inquiry).

The meeting with the two stakeholders was crucial because Gauteng is arguably the most advanced province in the country with regards to many of the recommendations of the Commission particularly in terms of attempts at devolution, integration and establishment of a provincial authority.

In terms of the reports, the Commission found that there was a lack of integration in the public transport system which is worsened by the persistent inequality between modes (taxis and trains) and within modes (trains and trains).

It also found that the stark differences in infrastructure investment, service levels and quality standards in the modes was an impediment to integration. The differences in service levels further deepened the socioeconomic divide in the society.

The lack of integration is further exacerbated by the way subsidies are transferred to the different spheres of government. Consolidation of transport planning and public transport operations under a single transport authority may provide the necessary efficiencies.

Thus, to promote the use of public transport as an integrated system and improve coordination, Commission recommended establishment of dedicated transport authorities at provincial level (Provincial Transport Authorities) in each province.

In order to facilitate proper functioning of commuter rail services, foster coordination in the rail sector, especially in Gauteng, and improve efficiencies through economies of scale, the Commission recommended the immediate devolution of rail operations (based on the preliminary assessment of the province's readiness).

Thus, the Gauteng province, in conjunction with the metros to be responsible for both Gautrain and Metrorail. This function will be carried out as part of the Transport Authority for Gauteng which will amalgamate transport planning functions. In order to support this integration, the roll-out of an integrated ticketing system for various modes of transport should be fast-tracked.

The stakeholders gave the background to the initial economic conceptualisation of the Gautrain, the provincial government's intentions to cover all areas and the restraints posed by lack of authority by provinces and metros over rail services. Thus, these spheres of government couldn't accommodate rail in their planning in the same way they do with busses and taxis. The meeting also noted the impact the Gautrain has had on the space economy of the province and the efforts it has made in integrating with other modes of transport (especially the minibuss taxi industry).

On 19 February this year, the Commission released a comprehensive provisional Market Inquiry report on land based public transport and invited stakeholders to make comments and tender further submissions on the provisional findings and the recommendations by 31 March 2020.

The publication of the provisional report was a culmination of a public inquiry that was officially launched on 10 May 2017 which included public hearing in all nine provinces.

The public passenger transport sector included road and rail based public passenger transport which is buses (excluding cross border services), taxis (minibus, metered taxis, e-hailing) and commuter rail (excluding tourist rail).

The Inquiry was initiated because the Commission believes that there are features or a combination of features in the public passenger transport sector that are distorting or inhibiting

competition. This assessment was based on several complaints in the industry lodged by stakeholders.

In addition, this is one of the priority sectors of the Commission as South Africans spends about 20 percent, a significantly high proportion of its disposable income, on public transport. Thus, any resolution on identified impediments in public transport may have long term benefits for the country as it is also key to sustainable economic growth.

The Commission encouraged the stakeholders to make formal submissions and the parties agreed to work together towards finalization for the report and implementation of the resolutions.

[ENDS]

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