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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 1223

Mr M M Mdluli (DA) to ask the Minister of Trade, Industry and Competition:

With reference to *Intercape Ferreira Mainliner (Pty) Ltd v Minister of Police and Others* (1013/2023), where minibus taxi organisations were found to be endangering the safety of buses, drivers and passengers, and engaging in criminal and anti-competitive practices, (a) what actions has (i) his department and (ii) the Competition Commission, in particular, taken to address the anticompetitive behaviour by minibus taxi organisations, (b) which minibus taxi organisations have been investigated by the Competition Commission and (c) what were the outcomes of the specified investigations?
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REPLY:

(a) (i) the Department has not engaged on this matter; however, I have been advised by the Competition Commission (CC) as follows.

(ii) The Commission received information alleging possible collusive conduct between bus operators and taxi associations. The Commission assessed the information and conducted preliminary investigations which revealed that the alleged possible collusive conduct is more of a criminal conduct than anti-competitive conduct. The Commission decided not to investigate the matter further as it requires investigation by criminal law enforcement agencies.

(b) The Commission did not investigate any taxi organisation in relation to anti-competitive conduct.

(c) There are no outcomes as there has not been any investigation.

As stated in paragraph (a), the Commission has looked at the market by conducting the Public Transport Inquiry as summarised below:

The issues we broadly looked at in the Public Transport inquiry to enhance competition

1. On 10 May 2017, the Competition Commission (“the Commission”), in the exercise of its powers under Chapter 4A of the Competition Act 89 of 1998, published a notice in the Government Gazette that it would conduct a Market Inquiry into land-based public passenger transport (“Market Inquiry”).
2. The Commission identified the public passenger transport sector as including road- and rail-based public passenger transport as relevant to this inquiry. The inquiry, therefore, focuses on minibus taxis, 4+1s, metered taxis, e-hailing services, Metrorail, Gautrain and various types of buses (“collectively referred to as land-based public passenger transport”).
3. The purpose of the Public Passenger Transport Inquiry was to examine whether there are any features in the land-based public passenger transport industry which lessen, prevent or distort competition. The section that follows provides the basis upon which the Commission has reason to believe that there may be a feature or combination of features in the land-based public passenger transport industry that prevents, distorts or restricts competition within the industry.
4. The inquiry looked at the following themes:
 - 4.1 Price setting mechanisms: the different price setting mechanisms and their impact on competition in the land-based public passenger transport industry;
 - 4.2 Price regulation: applicable price regulations and their impact on competition in the land-based public passenger transport industry;
 - 4.3 Route allocation, licensing and entry regulations: assessing the impact of regulations, including route allocation, licensing and entry requirements on

- intermodal and intramodal competition in the land-based public passenger transport industry;
- 4.4 Allocation of operational subsidies: assesses the impact of operational subsidies granted to commuter buses, Metrorail and Gautrain on intramodal and intermodal competition in the land-based public passenger transport industry;
 - 4.5 Transport Planning: evaluates the impact of the government's transport plans on dynamism, efficiency and competition in the land-based public passenger transport industry and
 - 4.6 Transformation: assesses transformation issues, including ownership patterns in the land-based public passenger transport industry.

What progress was made with the DOT in terms of recommendations?

- 5. The final report of the PPTMI was released in April 2021. Most of the recommendations were for the consideration of the National Department of Transport (DoT). The PPTMI report made recommendations including the integration of the public transport system (chapter 4), subsidies in Public Transport (chapter 5), The rail sector (chapter 6), the development of a subsidy policy and a review of the current policy framework that recognises the need to create adequate opportunities for the small bus operators (chapter 7). Bus Rapid Transit System (chapter 9), Minibus taxi industry (chapter 10), and Interprovincial bus operations (chapter 11).
- 6. The following were completed:
 - 6.1 Establishment of dedicated transport authorities.
 - 6.1.1 Creation of capacity at the local government level to ensure prioritisation of transport planning.
 - 6.1.2 Review of the Rapid Bus Transit System (BRT) model (reviews are not once-off but on-going).
 - 6.1.3 Enhancement of compliance with the DORA before transferring funds to the cities for BRT/IRPTN (chapter 9) was completed.
 - 6.1.4 Study of the 12-year BOC/VOC model (reviews are on-going).

7. Regarding the subsidies, the DoT will provide an update on the final Subsidy Policy in October 2024 because it is dependent on the conclusion of consultations and approval by the Cabinet. However, the DoT has created avenues for small bus operators to participate in subsidised bus services through its Memorandum of Understanding with SANSBOC.
8. With regard to the Metered Taxis and E-hailing Market Inquiry Report the DoT indicated that the NLTA is effective. It can consider a removal of section 66(3) of the Bill that deals with price regulation in the metered taxis industry. However, it raised concerns that the deletion of section 66(3) could lead to unintended consequences as established operators who are able to absorb cost through cross subsidisation might lower fares that are unsustainable to new entrants and small operators. The Commission considers the status quo to not harm competition because prices are currently not regulated since the relevant section of the NLTA has not yet been implemented.
9. Regarding the recommendations for empowering metered taxis, e-hailing operators, and metered taxi associations and promoting entry for female operators, the DoT submitted that although it does not establish associations, it promotes that taxi and e-hailing operators are organised in their participation. It has established the South African National Women in Transport (SANWIT) forum. A particular focus is still required on enabling the licensing of women entrepreneurs in transport.
10. In conclusion, the PPTMI recommendations have, for the most part, not been fully implemented but are in progress to be achieved by the end of 2024.

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