

Public intervention and transport services in Spain – what can we learn from experience?

Lara Tobías Peña Head of Market Studies Unit

Workshop on Competition in Publicly Funded Markets - OECD

Paris, 28 February 2019

The role of the public sector

• Universal and fair access to transport services

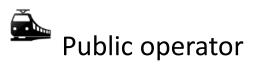
 \rightarrow The market may not provide certain services

- Public intervention will impact on competition in the market
- Efficient economic regulation
 - \rightarrow Necessity
 - \rightarrow Proportionality
 - \rightarrow Non-discrimination

Transport services in Spain

• Passenger transport









Means of intervention

Public service obligation (PSO)	Public service contract (PSC)	
Horizontal obligations	Targeted obligations	
No market foreclosure	Market foreclosure	
No public funding	Public funding	
Heterogenity		

Common features in transport services with public intervention

- Extensive use of PSC
- Traditional incumbent
- No competitive tender
- No objective criteria when determining compensation
- No dynamic efficiency

Competition advocacy - instruments

Competition advocacy				
Advisory Reports (Draft Regulations, tender conditions)	Intercity and city buses, maritime transport, air transport			
Market studies	Intercity buses (2008, 2010, 2010)			
Challenges before court	Intercity buses (2010)			

Sector-specific examples

Bus transport

A. <u>City buses</u>

- Advisory reports \rightarrow A Coruña, Cádiz (2018)
- PSC, traditional incumbent, no real competitive tender
- Public compensation (asymmetric information)

→ Competition for the market
→ Objective criteria

Bus transport

- B. Intercity buses
- Challenge before court \rightarrow Comunidad Valenciana (2010)
- Extension of the concession period



- 2018: Advisory report on implementation of a low cost fare from / to the city of Ceuta
- Unique case
 - \rightarrow No real alternative
 - \rightarrow PSO + PSC

- PSO: 3 trips per day
- Versus the market

Company	Frequency
Balearia (PSC)	10 (4 PSC)
FRS	5
Transmediterránea	4
Total	19

 Average annual occupancy rate of 20% (passengers) and 24% (vehicles)

Public tenders (PSC)

Contract reference	Tendering period	No. of bids	Compensation	Winning bid
36/2011	10/2011 - 09/2013 (2 years)	1 (Balearia)	4.200.000€	4.200.000€
57/2013	10/2013 - 09/2015 (2 years)	0	3.000.000€	-
181/14	1/01/2015 - 31/12/2016 (2 years)	1 (Balearia)	4.000.000€	3.990.000€
15/17	1/07/2017 - 30/06/2018 (1 year)	1 (Balearia)	1.975.000€	1.975.000€

- Reassess necessity of PSC
- Access to PSC: proportional and non-discriminatory
- Make the most of competition for the market

Common lessons

- Each sector has its particularities
- Public intervention wherever market forces are insufficient
- Competition has great potential (in / for the market)
- Necessity, proportionality and non-discrimination

COMISIÓN NACIONAL DE LOS MERCADOS Y LA COMPETENCIA

Thank you