

Public Consultation Paper

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) is conducting a public consultation from 28 July 2020 to 11 August 2020 for interested parties to provide feedback on an application by Grab¹ to impose a platform fee on riders for its ride-hailing services in Singapore (the “**Application**”). If granted, this will amount to a variation of the directions issued by CCCS to Grab on 24 September 2018 (“**the Directions**”)².

Background

2. On 24 September 2018, CCCS issued an Infringement Decision (“**ID**”) against Grab and Uber and issued the Directions (set out in paragraph 372 of the ID) to reduce the impact of the sale of Uber’s Southeast Asian business to Grab (“**Transaction**”) on drivers and riders, and to keep the market open and contestable. In particular, paragraph 372(f)³ of the ID requires Grab to maintain its pre-Transaction pricing (including its algorithm pricing matrix), pricing policies and product options (including driver commission rates and structure). This protects riders against excessive fare surges that they pay to Grab’s drivers, and protects drivers against increases in commissions that they pay to Grab, while not affecting Grab’s flexibility to apply dynamic pricing under normal demand and supply conditions or restricting the amount of rider promotions and driver incentives that Grab wishes to offer.⁴
3. The Directions provides for CCCS to vary or release the Directions on its own initiative or pursuant to an application by Grab. Grab continues to be subject to the Directions today.

¹ Grab submitted its final proposal to implement a S\$0.30 platform fee for each ride to CCCS on 22 July 2020.

² The Directions are set out at paragraph 372 of the ID. The Directions can also be found in Annex A of CCCS’s media release on Grab-Uber merger dated 24 September 2018. It can be accessed here: <https://www.ccs.gov.sg/media-and-consultation/newsroom/media-releases/grab-uber-id-24-sept-18>

³ Paragraph 372(f) of the ID states that: “Grab shall maintain its pre-Transaction pricing, pricing policies and product options (including driver commission rates and structures) in relation to all its products in the ride-hailing platform services market including but not limited to JustGrab; GrabCar; GrabShare; GrabFamily; GrabCar Premium; 6-Seater (Economy); 6-Seater (Premium); Standard Taxi; Standard Taxi (Advanced Booking); Limo Taxi; and Limo Taxi (Advanced Booking). In particular, Grab shall maintain its pre-Transaction algorithm pricing matrix (for those variables that Grab is able to control) for Grab’s ride-hailing platform services which existed on its ride-hailing platform in Singapore prior to the Transaction, which includes that Grab shall not adjust the surge factor and base fares beyond the surge factor cap and base fares at the levels as of 25 March 2018, except for certain pre-defined events. For the avoidance of doubt, this direction does not prevent Grab from introducing new product options, or new pricing or commission structures provided that such product options, and pricing and commission structures do not replace or vary the product options or pricing and commission structures that existed pre-Transaction or render the direction set out in paragraph 372 of the ID substantially ineffective.”

⁴ Whilst paragraph 372(f) of the ID covers the prices paid by riders and the commission rate drivers pay Grab, it does not cover driver or rider incentives, which Grab is able to adjust depending on its own commercial considerations.

Proposed Variation of the Directions

4. Grab requested CCCS to allow it to impose a S\$0.30 platform fee (S\$0.32 with GST) on each ride to help cover operating costs. Grab submitted that it invests heavily to provide both passengers and drivers with a safe and pleasant experience on its platform. For passengers, these investments centre around improving their safety and security, fraud prevention and identity protection.⁵ For drivers, Grab invests to protect their livelihoods and well-being.⁶ Please refer to [Grab's application](#) for details on Grab's investments into passenger safety and driver benefits.
5. Grab submitted that this is a practice that is in line with ride-hailing industry norm. One such example is Gojek who has implemented a S\$0.70 platform fee. Grab submitted that the S\$0.30 platform fee per ride will enable Grab to maintain and enhance the various safety measures and other relevant operating costs. A third of the funds collected through the platform fee will be committed towards providing benefits for driver welfare.

Factors for Consideration

6. In assessing the Application, CCCS will take into consideration the following factors:
 - (a) Whether Grab should be allowed to recover the investments it claims to have made into passenger safety and driver benefits;
 - (b) What should be the relevant timeframe for assessing these additional investments claimed by Grab;
 - (c) What nature and types of investments into passenger safety and driver benefits should be taken into account;
 - (d) Whether Grab is able to provide evidence to substantiate the investments it claims to have made into passenger safety and driver benefits; and
 - (e) Whether Grab is able to adequately substantiate its claims that a third of the funds collected through the platform fee will be committed towards providing benefits for driver welfare.
7. To date, CCCS has received information from Grab to support its submission on the investments into passenger safety and driver benefits that it has made since 2019.

⁵ Examples submitted by Grab include: (i) driver facial recognition, (ii) emergency button, (iii) number masking and (iv) personal accident insurance.

⁶ Examples submitted by Grab include: (i) driver prolonged medical leave and (ii) driver upskilling and job transition.

Public Consultation

8. CCCS is seeking feedback to assist in its assessment of Grab's Application. Following the public consultation, CCCS will make a decision on the Application.

9. In particular, CCCS would like public feedback on the following areas:
 - a. Whether a platform fee should be allowed to enable Grab to recover the additional cost of its investments into passenger safety and driver benefits; and
 - b. Whether there are any other considerations that CCCS should take account of in its assessment of the Application.

10. Please submit your feedback to CCCS_Feedback@cccs.gov.sg by 11 August 2020, 5 pm.