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**Briefing Paper**

National Land Transport Amendment Bill (B7B-2016)

7 September 2018

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## **About Taxify**

Launched in 2013, Taxify is one of the world's leading ride-sharing platforms, connecting millions of passengers and drivers around the world, making travel easier, safer and more reliable.

Taxify has more than 10 million users in more than 28 countries globally.

In South Africa, Taxify has operations in the Gauteng, Western Cape, Eastern Cape and Kwa-Zulu Natal provinces.

## **Supporting an enabling legislative and regulatory environment in South Africa**

In every market in which Taxify operates in, it does so on the basis of complying with prevailing regulations where applicable. This includes complying with the relevant operating licence requirements and permits, for drivers to operate legitimately.

Taxify is actively contributing to advancing the realisation of Government's goals of an effective and efficient public transport system in South Africa, characterized by:

- Affordability
- Safety
- Reliability
- Job creation and Economic opportunities
- A level playing field among all operators

Taxify offers consumers access to affordable, convenient transport solutions in adverse public transport circumstances.

## **Purpose of this Briefing Paper**

Taxify provides this Briefing Paper as succinct synopsis of our written submission and comments on the National Land Transport Amendment Bill.

These are aimed at:

- Making the Bill effective and efficient in its implementation;
- Including a legislative and regulatory regime for e-hailing services; and
- Enabling such to benefit consumers and whilst introducing provisions that enable greater equity, consistent application and enforcement in the market.

## **Summary of Key Taxify Proposals and Recommendations**

Taxify's recommendations and proposals on this Bill is therefore comprised of and summarized as follows:

### **1. *Maintaining E-hailing as a distinct category***

Giving effect to the implementation of the distinct category for e-hailing services as provided for in the Bill requires that all related clauses in the Bill applicable to the category are strengthened. This is necessary in order to ensure comprehensive and consistent interpretation; application and implementation by regulatory entities. For this to happen, it is imperative that the following features of e-hailing services must be considered:

- Roaming service, which is available and easily accessible due to its free-to-roam nature;
- Their point A and Point B are not defined or limited;
- The fare is agreed before the journey is confirmed and initiated.

### **2. *Definition of E-hailing Services***

The definition of 'e-hailing services' currently provided for in the Bill should be enhanced and reinforced to guard against ambiguity or misinterpretation. In order to avoid unintended consequences at the point of granting of licenses by Regulatory Entities, Taxify proposes that:

- e-hailing services are not restricted to areas of operation and dedicated routes as these are roaming services.
- It is necessary to specifically define the appropriate and applicable application process and timeframes for the consideration and granting of operating licences for e-hailing service operators by regulatory entities.
- That Regulatory Entities must be provided sufficient guidance by way of the appropriate legislative and regulatory framework to inform a consistent application and implementation thereof including applying the appropriate Guidelines as prescribed by the National Department of Transport as a practice note for all PREs and MREs.

### **3. Issuance of Operating Licences**

- A review and amendment of Section 66A(5) of the Bill is required due to backlogs at various municipalities in the issuance of operating licences.
- Currently, this process takes unreasonably long, which prejudices the ability of companies such as Taxify from enabling drivers to be economically active; contribute to the economy and earn an income.
- Providing a temporary operating licences, would ensure a fair and orderly process whereby an applicant for an operating licence may at least pending the outcome of the Regulatory Entity's decision, lawfully render services without fear of breaking any laws or prosecution.

There have been significant backlogs and undue delays in the application and licence/permit issuance processes in the Provinces. Taxify drivers have and continue to apply for licences but receive no update as to the status of applications or when they may obtain their licences.

We therefore propose the following as guidelines, which may enable and facilitate the timeous evaluation of applications and awarding licences/permits:

- The licence/permit requirements for Metered taxis must not be imposed on and applied to e-hailing services as these are different services, which are catered for as distinct categories in the National Land Transport Amendment Bill. Moreover, e-hailing services are roaming services and thus cannot be restricted on the same basis as metered taxis.
- Consideration should be afforded to issuing temporary Operating Licences to vehicle owners until the PREs are able to appropriately implement and apply the requirements specific to e-hailing services including the process for applications and licences/permits;
- The licensing process should be optimised as currently, the regulatory authorities are not in a position to timeously process the number of vehicle applications efficiently.
- Fines should not be levied against vehicle owners and e-hailing platforms until the application process and licensing backlog is addressed. Currently, the Bill proposes fines of up to R100,000 and possibly imprisonment for non-compliance in respect of licensing and permits. However, the current backlog and inefficiencies have prevented law-abiding individuals from obtaining the required licenses to continue to provide the service and earn a living.

## 4. Requirements for e-hailing services: limitation of areas or ranks specifications

### 4.1. Limitation of areas or ranks specifications

- Commuters pay Taxify drivers  $\pm 60\%$  of the rates metered taxis charge because vehicles on Taxify are roaming services. This means that drivers are accessible from anywhere and are less than 4km away from a commuter (reducing the "un-billed" costs of getting to the commuter). Moreover, once the driver has dropped off the passenger, they do not have to pay for fuel on their return journey when they are not earning revenue (but can rather go to a nearby high demand area to collect their next fare-paying commuter). This makes the industry more efficient so that consumers win by paying less for transport.
- Imposing pre-determined location requirements upon e-hailing services defeats the protections offered by e-hailing platforms such as real-time tracking of every journey and access to an in-app 'panic button' among other things.
- Limiting an e-hailing service provider to specific areas is a practical impossibility by the nature of the roaming service and the technology involved, as well as the consumers in the market it services.

### 4.2. Vehicle markings/branding

Taxify drivers are already targets for criminal and violent attacks. If their vehicles were marked, it would make them more obvious targets of attacks and the rate and volume of such occurrences would increase thereby equally endangering the lives of drivers and commuters.

- E-hailing vehicles are marked "digitally" since only approved drivers and vehicles are allowed to use the platform.
- Once the driver and commuter are matched, the commuter knows which vehicle model and vehicle registration should be arriving at the specified location.
- Metered taxis require *physical* markings in order to remain identifiable to prospective consumers when hailed from the street/rank.

## Concluding Remarks

Taxify as a responsible public transport enabler provides efficient and effective mechanisms for consumers to freely commute, as desired, in the interest of supporting the sustainability and accessibility of the public transport eco-system.

Taxify offers a car-as-a-service and as such commuters expect the same convenience when using Taxify as they would when using their own vehicle i.e. being able to access a ride via this service – wherever, whenever in a convenient fashion.

Accordingly, pragmatism must be exercised in respect of the extent to which impractical requirements are imposed on the e-hailing services with the unintended consequence that e-hailing services are treated as identical to that of metered taxis.

Extensive and open-ended requirements inclusive of the ability of regulatory authorities to interpret and determine the regulatory parameters for e-hailing services may render the on-going legislative efforts to arrive at an equitable approach to regulatory e-hailing services as well as other services such as metered taxis, redundant.

This presents a risk to the diversity, stability and sustainability of the public transport eco-system, as the ultimate impact of such legislation will result in the reduction of consumer choice and access.

Therefore an economic impact and implementation assessment should be conducted ahead of effecting regulatory change such as those proposed in the current Bill.

Taxify maintains that:

- E-hailing services should be enabled to roam and not be restricted to an area, route or rank system
- E-hailing services are ‘digitally’ marked and therefore known to commuters who have chosen to use the services. Thus vehicles do not require special markings/branding, which attract unnecessary attention and may render drivers and commuters as targets for criminals.
- Application and licence/permit process should be streamlined
- A predetermined rate for the selected journey is generated and shared with the prospective commuter who may then either accept or reject the fare on that basis before proceeding with the service, which is distinct and different from a meter used by metered taxis.

Therefore requirements for metered taxis should not and cannot be unduly imposed on e-hailing operators and vehicles, as it would prevent consumers from enjoying affordable and convenient transport. The benefits include the ability take a journey from wherever, to wherever, whenever commuters so choose and short(er) waiting periods for the arrival of the vehicle, whilst paying a more affordable price for this convenience.

Yours Faithfully

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