



**CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD**

TRANSPORT DIRECTORATE
TRANSPORT PLANNING DEPARTMENT

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Our Ref :

Your Reference :

The Director: Operating Licence Administration

Provincial Regulatory Entity
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Dear Sir/Madam

MORATORIUM ON APPLICATION BY OPERATORS FOR NEW METERED TAXI OPERATING LICENCES

1 BACKGROUND

In 2014, the City started considering applications for metered taxi services again after a considerable period of not allowing any new metered taxi applications. At the same time, e-hailing services entered the market and disrupted the traditional business model of metered taxis. Furthermore, it caught the legislative and regulatory framework of transport within South Africa off-guard.

In the absence of any legislation specifically dealing with or mentioning "e-hailing services", the City of Cape Town (the City) as Planning Authority, and the Provincial Regulatory Entity (PRE) jointly decided to categorise e-hailing services under the metered taxi service umbrella, as it deemed it as the best fit within the National Land Transport Act, Act 5 of 2009.

This approach was tested at the Transport Appeal Tribunal (TAT) when the Western Cape Metered Taxi Council took the matter on appeal and the TAT confirmed that e-hailing services is not in contravention of the NLTA and that it is provided for by reading it into section 1 and 66 of the NLTA.

At this juncture, there were two very distinct metered taxi services i.e. rank based and base services, which have been referred to as traditional metered taxi services due to the hailing and tariff collection method. The new, and now third category, e-hailing, initially only made provision for a service that was completely electronic in nature, in terms of hailing and tariff collection i.e. the vehicle will be hailed and fare collected via a platform developed for this specific purpose.

As time went on, the traditional metered taxi industry caught up with the use of technology for hailing and fare collection purposes - but not discarding cash transactions, and equally, the e-hailing industry regressed from an exclusive electronic hailing and fare collection service to that of one who now also accepted cash as a payment method. The aforesaid resulted in a morphing over a period of time of three very distinct type categories into one type of service with very little differentiation. It is now a complete mix of rank, base and e-hailing that is hailed in various ways and with fares collected electronically as well as in cash. There is thus no longer a very clear distinction between the three categories and they are considered as one service with essentially the same clientele, hailing and fare collection methods.

During the stakeholder participation process (2017 in Cape Town) of the Competition Commission's market inquiry into land based public passenger transport, the traditional metered taxi operators as well as e-hailing operators in the City made representations as part of that process. Said submissions indicated that the number of operating licences in the metered taxi/e-hailing service sector needs to be limited in order to ensure a sustainable metered taxi/e-hailing industry in the City, where supply adequately meets demand subject to a reasonable waiting time and reasonable working hours for the drivers.

During the Western Cape Provincial Transport Magotla and the subsequent National Transport Legotla in 2020, the sustainability of the metered taxi/e-hailing service sector in terms of supply meeting demand was again highlighted and a request for a moratorium on any further new applications for metered taxi (which includes rank, base and e-hailing) operating licences was tabled by the industry.

2 MOTIVATION

Recognising the inadequacy of current legislation in dealing with the advances in the provision of metered taxi services, the planning authority consulted with its administrative and political principals towards the end of 2020, and it was considered prudent at this juncture, given the above, for the City, as the Planning Authority, to inform the Provincial Regulatory Entity (PRE), that it is hereby imposing a moratorium on any new applications for metered taxi services (which includes rank, base and e-hailing) for the following reasons:

- Current national and provincial legislation as well as City by-laws, statutory documents and/or policies do not adequately address the provision of e-hailing services and the consequences should operators operate illegally and in so doing oversaturate the market and jeopardise sustainability;
- Provide the City with an opportunity to review and update existing City bylaws, policies, statutory plans and strategies;
- Allow the City to take into account and proactively plan for the proposed amendments to the NLTA currently before Parliament and aligning the City's bylaws, policies and strategies with it;
- Allow the City to take inventory of metered taxi/e-hailing operating licences in the system, consider recent survey information, interrogate e-hailing platform trip and any other relevant information. This will enable the City to then develop a method to establish the demand for metered taxis - similar to that which is used to determine minibus taxi demand - to govern the support for any new metered taxi operating licences in future; and
- Afford the City an opportunity to establish a Metered Taxi Inter Modal Planning (IPC) Sub-Committee in an effort to consolidate all the fragmented metered taxi operators under one umbrella. The intent of this forum will be to constructively deal with all metered taxi (which includes rank, base and e-hailing) matters going forward - in particular to assist industry's consultation with government, to advance the interests of the industry in light of the digitisation of the market, to name but a few. This sub-committee, through establishing a working committee, can then play an integral role when developing the method that will establish the demand for their industry (which includes rank, base and e-hailing).

3 DURATION

Considering the complexity and time frames required to review and update any relevant bylaws, policies, statutory plans and strategies, to develop a metered taxi demand method and to establish and smoothly run a Metered Taxi Inter Modal Planning (IPC) Sub-Committee, the moratorium must come into effect immediately and remain in place until 31 December 2023 i.e. a period of approximately 3 years.

4 APPLICABILITY

All provisional support letters issued by the Planning Authority on 24 February 2021 or issued in the 60 days prior to said date, are deemed to still be valid and can be utilised by operators in submitting an operating licence application at the PRE. It is important to note that letters of provisional support are valid for a maximum period of 60 days from date of issue and automatically lapses thereafter.

The moratorium will only be applicable to new operating licence applications for metered taxi services (which includes rank, base and e-hailing) whose operations fall within the municipal boundaries of the City of Cape Town and would ordinarily have been referred to the Planning Authority for a directive.

For this reason, existing and/or any new e-hailing platform providers or any other new business entities who wish to operate or wish to expand their business within the City boundaries; are encouraged to approach existing metered taxi (which includes rank, base and e-hailing) operating licence holders to sign up/join their platforms should there be a need for more operators to meet their demand.

Yours faithfully

Acting Director

Transport Planning Department

Cc: Chief Director: Transport Regulation, Mr Yasir Ahmed
Director: Operating Licence Adjudication, Mr Mark Skriker (Chairperson: PRE)
Executive Director: Transport, Ms Dalene Campbell
Mayoral Committee Member: Transport, Ms Felicity Purchase