

Policy Brief

Investigating Labor Policy Frameworks for Ride-Hailing Platforms

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Operational and Labor Policy Frameworks for Ride-hailing Platforms in South Africa: Policy Insights

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1. Context

In Africa, where the public transport sector has failed to address significant problems faced by commuters on a daily basis, ride-hailing platforms have provided much needed competition, both to metered taxi and public transport operators. While competition from these new players has reduced prices and improved customer service, it has also led to skirmishes and protests.

In South Africa, the taxi industry has been characterized by turf wars and gun-toting gangs with traditional taxi associations used to commanding routes through the bullet, *panga* and *sjambok*. The entry of ride-hailing platform giants like Uber and Taxify has led to escalated violence between metered taxi operators and the new entrants. Cars have been burnt and some drivers have also lost their lives over the last few years and the blame for these incidents has been squarely put on members of the South Africa Meter Taxi Association.

South African metered taxi operators have protested and also tried, so far unsuccessfully, to get the competition authority to prosecute Uber for what they see as the platform's anti-competitive behavior. The regulatory policy vacuum within the ride-hailing sector in South Africa has not helped the situation. Promises by the government to amend the National Land Transport Act of 2009 – and include provisions for ride-hailing transport services – have not materialized. Y In the absence of a progressive law governing the operations of ride-hailing platforms, has complicated issues surrounding taxi regulation, competition and labor relations..

The South Africa Meter Taxi Association, which has been unhappy about the growing competition from Uber and Taxify, has since launched its own platform, YooKoo Ride. The driver registration process marks the first stage of the rollout that will lead to the creation of the largest taxi hailing service in South Africa. The registration will include comprehensive driver vetting and criminal checks complete with fingerprint technology to ensure optimum security and ease of mind for customers. A comprehensive customer relations and driver training program will follow. Domestic technology entrepreneurs in South Africa have also started ride-hailing platforms including Zebra Cabs and Jozibear. While these domestic platformss tend to offer better quality and cheaper services, most customers still prefer Uber and Taxify, as these companies have established a stronger brand and have larger driver networks.

This policy brief is based on findings from a study of the operational and labor frameworks of ride sharing platforms in South Africa. The study focused on Uber and Taxify's operations in Johannesburg, Pretoria, and Durban.

2. Key findings

- For most of the drivers interviewed,ride-hailing platforms constituted the main source of livelihood and income , while a few were students and looking for ways to make a living while studying.
- The perceived flexibility of platform-based work attracts drivers. Due to the new tough immigration and labor laws in South Africa, finding a job is especially difficult for economic migrants who are able to find work through platforms. Most drivers we interviewed found being an “independent contractor” the best part of driving for Uber and Taxify as they felt they controlled their time, they found the working conditions in the platform economy contradictory. In one sense they found the flexibility and sense of ownership of their business and time attractive. But as independent contractors they had no labor rights, which made them feel exploited by the system.

- The reality of the profit-sharing model was ‘a shock to the system’ as one driver put it. Drivers also felt that the percentage going to the parent companies was too high and ate into their profits tremendously.
- All the research participants we interviewed expressed their frustrations and helplessness in the face of violence from metered drivers, with some who pretended to be clients and attacked the drivers. Some drivers said they now move around with guns to protect themselves. Drivers from both ride-hailing companies felt that not enough was being done to protect them.
- The rise of ride-hailing platforms in South Africa has heightened xenophobic clashes between the insiders (locals) and outsiders (African migrants who are depicted as job stealers and intruders). Migrant Uber and Taxify drivers have created their own WhatsApp groups to discuss matters of concern to their work and safety and security.
- Drivers expressed concern that they do not have a platform where they can raise their concerns. In 2016, several hundred Uber drivers in South Africa decided to join the South African Transport and Allied Workers’ Union (SATAWU) as they argued that they were being exploited by the ride-hailing platform. While there are several drivers willing to join the union, there are also several other drivers (especially coming from other African countries) who will not join the union for two reasons. The first is because of the lack of education in workers’ rights and the second is because of fear of losing their employment

3. Policy recommendations

In this context, the following urgent policy issues require attention in the ride-hailing platform sector in South Africa.

The Government of South Africa should:

- **Create an enabling and well-regulated environment for the operations of ride-hailing platforms and metered taxi operators in a changing technological age.** It should work with relevant local authorities, departments, and agencies to ensure that ride-hailing platforms abide by the provisions in the law to promote competition, fair work, labor rights, and reduce carbon emissions. There is need for forward thinking platform regulation that does not stifle innovation and at the same time eases the friction between the new entrants and metered taxi operators. The role of regulating the operations of ride-hailing platforms must not be left to whims and caprices of local government authorities or municipalities especially in a context where turf wars have a long history of violence.
- **Ensure there is data governance in the ride-hailing platform sector:** There must be transparency and accountability in terms of the data gathered by ride-hailing platforms like Uber and Taxify. The use of metrics must allow for the democratization of data rather than the institutionalization of “surveillance capitalism” and competitive advantage as currently witnessed in the sector. The new law on the transport sector must therefore deal with pricing, competition, fairness, transparency, and accountability especially with regard to data governance.
- **Capacitate the Competition Commission of South Africa:** Another important issue relates to the capacity building of the Competition Commission of South Africa, to be able to deal with emerging issues related to the ride-hailing platform sector. This will enable the statutory body to play a key role in regulating price fixing, data manipulation, and other unfair business practices. The Competition Commission is one of the three, independent competition regulatory authorities established in terms of the Competition Act, No.89 of 1998, with the other two being the Competition Tribunal and the Competition Appeal Court. The Competition Commission is the investigative and enforcement agency, the Tribunal is the adjudicative body, and the Competition

Appeal Court considers appeals against decisions of the Tribunal. Capacity building of these organs of the Commission will enable it to investigate, control, and evaluate restrictive business practices, abuse of dominant positions and mergers in order to achieve equity and efficiency in the South African ride-hailing platform sector.

- **Amend the National Road Traffic Act (2000) and the National Land Transport Act (2009):** There is a need to come up with a new law governing the operations of ride-hailing platforms and metered taxi operators. The new law must deal with issues like the permit system, ownership and renting of cars, use of taxi license plates, parking bays, and pricing system.
- **Address xenophobia systematically, which is at the core of labor relations in South Africa:** Xenophobia remains one of the thorns in the flesh of post-apartheid South Africa. There is need to address the scourge head on as it affects social cohesion and security of both the driver and client in the ride-hailing platform sector.
- **Enable the domestic the ride-hailing platform sector:** There is need to encourage and incentivize local platforms to penetrate the market which is currently dominated by foreign technology giants like Uber and Taxify. Another option is to create a local platform that can be used by traditional metered taxi operators in South Africa. The use of apps by traditional metered taxi operators will go a long way in decongesting the cities as they would rely on bookings by clients dotted all over the city rather than parking at bus and train stations.

The ride-hailing platforms should:

- **Come up with gender-sensitive policy frameworks:** The current context of violent taxi wars has led to hyper-masculinization of the industry. It is therefore important to come up with gender-sensitive policy frameworks in the industry so that women feel comfortable participating in the sector and can seek livelihood opportunities.
- **Address the safety and security issues in the transport sector:** Beyond launching technological solutions that enhance the safety and security of drivers, there is also need to ensure that the security apparatus in South Africa . There is a need for national safety campaigns that target the violence within the metered taxi industry and ride-hailing platform sectors. This also entails dealing with cybersecurity issues in a context where card cloning and organized crime are rife in the financial services' sector.

The SA Meter Taxi Association should:

- Invest in educational and awareness programs targeting members of the South Africa Meter Taxi Association with a view on conscientizing them on the importance of 'working together' in post apartheid South Africa.

Trade unions should:

- **Lobby for the amendment of the Labor Relations Amendment Act of (2002):** Because of the ongoing debate about whether platform workers should be considered as 'workers' or simply as 'independent contractors', there is need for clarification in the new labor Relations Act. Clarification on this matter will go a long way in addressing the gray zone that currently exists in the sector where drivers are not able to engage in collective bargaining processes, unionize, and identify their

employer. A new law must also address the working conditions, number of hours drivers are expected to work, and fairness in terms of sharing of commission.

