

## GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS

## DEPARTMENT OF TRANSPORT

NO. 290

31 March 2021

**DISASTER MANAGEMENT ACT, 2002 (ACT NO.57 OF 2002)****DIRECTIONS ISSUED IN TERMS OF REGULATION 4(7) OF THE REGULATIONS MADE UNDER SECTION 27(2) OF THE DISASTER MANAGEMENT ACT, 2002 (ACT NO. 57 OF 2002): THE TAXI RELIEF FUND TO MITIGATE THE IMPACT OF COVID-19 IN THE TAXI INDUSTRY**

I, **Fikile Mbalula, MP**, Minister of Transport, hereby in terms of regulation 4(7) of the Regulations made under section 27(2) of the Disaster Management Act, 2002 (Act No. 57 of 2002), hereby issue a directive set out in the Schedule hereto on the taxi relief fund to mitigate the impact of COVID-19 in the taxi industry.



**MR F. A. MBALULA, MP**

**MINISTER OF TRANSPORT**

**DATE: 30/03/2021**

## SCHEDULE

**Whereas**, the transport sector, across the world, experienced massive ridership drop due to the spread of the novel coronavirus (Covid-19). This followed stringent measures imposed by many countries in an attempt to mitigate and curb the spread of the virus. Some of these measures included restrictions in the movement of people through lockdowns as well as encouragement for people to work from home.

**Whereas**, in South Africa, the taxi industry bore the brunt of these measures. Initially, taxis were allowed to carry only 50% of their licensed vehicle capacity and this was later increased to 70% when the lockdown restrictions were eased. The industry also had to contend with increased cost of procuring cleaning materials for vehicles and sanitisers for passengers. The net effect of all these to the industry has been a declining revenue base and an increase in costs, which left many operators struggling to stay financially afloat.

**Whereas**, in response, the Department secured once off *ex gratia* relief funds to the tune of R1,135 million to assist operators to mitigate the effect of Covid-19. The relief scheme is not intended to compensate for loss of income.

**Whereas**, the relief scheme provides an opportunity for the formalisation of the taxi industry. The benefits of using the relief process as a springboard towards formalisation is that, once the industry is formalised, it would be equipped for future participation in, amongst others, subsidisation.

**Whereas**, the Department solicited the services of the South African Revenue Service as the vendor and Implementation Agency to administer the relief scheme to the industry primarily due to their experience and capacity in dealing with such systems but also to authenticate the registration of these operators as business entities.

## 1. Definitions

In these directions, any other word or expression bears the meaning assigned to it in the Disaster Management Act, the Act or in the Regulations, and, unless the context otherwise indicates—

**“Association”** means a group of operators-

- (a) which has been formed not for gain;
- (b) whose object is to promote the interests of members; and
- (c) whose funds are to be applied in promoting those interest.

**“Disaster Management Act”** means the Disaster Management Act, 2002 (Act No. 57 of 2002);

**“Taxi operator”** means a person who is the holder of operating license to ferry passenger for reward by either a motorcar, minibus and midibus;

**“the Act”** means the National Land Transport Act, 2009 (Act No. 5 of 2009); and

**“the Regulations”** means the Regulations issued in terms of section 27(2) of the Disaster Management Act, published under Government Notice No. 480, in *Government Gazette* No. 43258 of 29 April 2020, and amended by Government Notices Nos R608 of May 2020, R714 of 25 June 2020, R763 of 12 July 2020, R846 of 31 July 2020, R891 of 17 August 2020, No. 999 of 18 September 2020, No. 1011 of 20 September 2020, No. 1053 of 1 October 2020, No. 1104 of 21 October 2020, No. 1199 of 11 November 2020, No. 1290 of 3 December 2020, No. 1346 of 15 December 2020, No 1370 of 17 December 2020, No. 1421 of 24 December 2020; No. 1423 of 29 December 2020, No. 1424 of 29 December 2020; No. 1453 of 29 December 2020; No. 1370 of 11 January 2021; No. 6 of 1 February 2021; No.92 of 13 February 2021 and No. 93 of 13 February 2021.

## **Authority**

2. (1) Section 26(2)(b) of the Disaster Management Act provides that a national disaster, once declared, must be managed in accordance with existing legislation, as well as contingency arrangements as amplified by disaster management regulations or directions issued in terms of section 27(2) of the Disaster Management Act.

(2) These Directions are issued pursuant to the provisions of section 27(2) of the Disaster Management Act and specifically in terms of regulations 4(7) of the Regulations, to provide for the taxi relief fund to mitigate the impact of COVID-19 in the taxi industry.

## **Purpose of Directions**

3. The purpose of the Directions is to provide for taxi relief fund.

## **Application of Directions**

4. These Directions are applicable to the taxi operators, e-hailing and minibus associations.

## **Part A: Qualification**

- 5.(1) The taxi operators to qualify for the taxi relief fund must be:
- (a) A South African citizen or permanent resident in the Republic;
  - (b) In possession of a valid Operating License or Permit or receipt as proof of application for renewal of an operating license.

- (2) The association to qualify for the taxi relief fund must be a registered association in terms of the National Land Transport Transition Act, 2000 (Act no. 22 of 2000).
- (3) The e-hailing driver to qualify for the taxi relief fund must be:
  - (a) A South African citizen or permanent resident in the Republic;
  - (b) In possession of a valid Operating License or professional driving permit.

### **Part B: Conditions**

- 6.(1) At the commencement of the national lockdown the taxi operator must:
  - (a) be in possession of operating license or permit; and
  - (b) have been operating for the previous 180 (one hundred and eighty) days.
- (2) The taxi operation must be formally registered as a business entity.
- (3) The business must be registered for Income Tax and other applicable taxes related to running a business in South Africa.
- (4) The registration process should also include registration of employees with the Skills Development Levy (SDL), Unemployment Insurance Fund (UIF), Compensation for Workplace Injuries, Diseases and Death (COIDA) as well as compliance with the Sectoral Wage Determination by the Minister of Labour.
- (5) The Taxi operator must transfer the operating licence or permit into the name of the company.
- (6) The e-hailing driver must be registered for Income Tax.
- (7) The funds to be paid only into the business account.

### **PART C: Transitional Arrangements for Taxi Formalisation**

7. (1) Despite the requirements stipulated in direction 5 and 6, and the cut-off date stipulated in direction 8, all taxi operators will be required to transfer their operating licenses to business entities within seven years from the date of submission of the application for the taxi relief fund.
- (2) The taxi operator must ensure that within a period of two years from the date of submission of application that the employees in his employment will be registered under the name of the company established and registered with the Unemployment Insurance Fund.
- (3) In case of motor car, mini-buses, and midi-buses that are still financed, the taxi operator must ensure that within 5 years they change from the owner to the company.

#### **Part D: Time Table**

<b>8. Process</b>	<b>Cut-off date</b>
Submission of applications	30 September 2021
Registration of Companies	Upon application
Registration employees to Company and SDL, UIF, COIDA	2 years
Transfer of financed vehicles into new company	5 years
Transfer of Operating license to business into new company	7 years

**Cut-off date for dispensation**

9. The cut-off of date for the application of the taxi relief fund is 30 September 2021.

**Companies and Intellectual Property Commission (CIPC) and the National Empowerment Fund (NEF)**

10. (1) The NEF shall be the Implementation Agency to administer the payment system of the relief scheme to the taxi industry and the CIPC shall provide services to the Taxi Industry of registration of companies, tax, UIF, SDL, COIDA.
- (2) The Department of Transport shall issue guidelines for the application of the taxi relief fund in their website.
- (3) The CIPC and the NEF shall issue guidelines for the application of the taxi relief fund in their website.

**Short Title and commencement**

11. These Directions are called the Directions on taxi relief fund to mitigate the impact of COVID-19 in the taxi industry, 2021, and comes into effect on the date of publication thereof in the Government Gazette.