The Land Transport Regulatory Authority- LATRA and RIDE hailing mobile applications fees in Tanzania

LATRA (The Land Transport Regulatory Authority) recently released Gazette Notice No. 7284 on December 30, 2022, detailing new prices for ride-hailing taxis and motorcycles. The new fare structure came as a response to the concerns raised by the ride-hailing industry over the previous LATRA Order No. 01/2022 of March 14, 2022, which had capped the commission for ride-hailing firms at 15% (previously at 33%) and removed the booking fee, a crucial source of revenue for the companies. The Notice requires the implementation of the new fares within two weeks of its publication.

The recent publication of Gazette Notice Number 7284 by LATRA (The Land Transport Regulatory Authority) on December 30, 2022 outlines new fares for online taxis and motorcycles. The Notice was a response to industry concerns over the previous Order Number 01/2022 released by LATRA on March 14, 2022, which capped ride-hailing companies' commission at 15% (down from 33%) and removed the booking fee. The new fares outlined in the Notice must be implemented within 14 days of its publication.

LATRA, established under the Land Transport Regulatory Authority Act No. 3 of 2019, is the sole authority responsible for regulating ride-hailing services in Tanzania. The act is carried out through the Land Transport Regulatory Authority (Private Hire Services) Regulations Government Notice Number 78 of 2020. Since its establishment in 2019, LATRA has implemented new regulations for ride-hailing services, including the review and setting of fares and charges.

This article evaluates the recent Notice by LATRA on new fares for ride-hailing services in Tanzania, which aims to address some of the challenges posed by the previous Order released in March 2022

Changes Made by the Notice:

Commission and Booking Fee:

Under the previous Order, LATRA set the commission for ride-hailing companies at 15% (previously 33%). The Order also eliminated the booking fee, which was a source of income for ride-hailing companies. However, in the recent Notice, LATRA now allows ride-hailing operators to charge up to 25% as commission and up to 3% as booking fee.

Approved Minimum Fare:

The approved minimum fare for ride-hailing taxi services under the previous Order was TZS 3,000 (approximately USD 1.28). However, the new Notice sets the approved minimum fare based on the carrying capacity of the taxi. For an online taxi with a capacity of not more than four passengers, the minimum approved fare is TZS 3,000 (approximately USD 1.28), while for a taxi with a capacity of not more than six passengers, the minimum approved fare is TZS 4,000 (approximately USD 1.71).

Fare per Kilometer and Minute

The fare for an online taxi per kilometer and minute, as specified in the Notice, varies based on the carrying capacity of the taxi. For a taxi with a capacity of not more than four passengers, the fare per kilometer is TZS 800 to TZS 1,000 (approximately USD 0.34 to 0.43) and TZS 80 to TZS 100 per minute (approximately USD 0.034 to 0.043). For a taxi with a capacity of not more than six passengers, the fare per kilometer is TZS 1,000 to TZS 1,200 (approximately USD 0.43 to 0.51) and TZS 80 to TZS 150 per minute (approximately USD 0.034 to 0.064). The previous Order set the ride-hailing fare per kilometer at TZS 900 (approximately USD 0.39) and TZS 100 (approximately USD 0.043) per minute.

Conclusion

Ride-hailing taxi services have become increasingly popular in Tanzania due to their cost-effectiveness. To maintain the continued operation and availability of these services, LATRA, through the Notice, has struck a balance that ensures both the government's ability to collect revenue from operators and the protection of consumers, all while avoiding disruptions to the market.

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