

TAXI AMENDMENT BILL 2016

Receipt and First Reading

Bill received from the Assembly; and, on motion by **Hon Jim Chown (Parliamentary Secretary)**, read a first time.

Second Reading

HON JIM CHOWN (Agricultural — Parliamentary Secretary) [2.14 pm]: I move —

That the bill be now read a second time.

The Liberal–National government’s decision to implement reforms for Western Australia’s on-demand transport industry has been driven by changing consumer expectations in WA about the types of services customers should be able to use and enjoy. The emergence of new market entrants like Uber and Shofer did not fit into the dated legislative and regulatory framework. Further, there were three separate and significant reports that also identified the need for industry reform. Once fully implemented, these reforms will seek to ensure the safety of drivers, customers and other road users, reduce the cost of regulation for owners and drivers, provide the industry regulatory freedom to encourage greater innovation, and ensure greater accountability within the on-demand industry, including drivers, operators, plate owners and dispatch services.

The distinction between taxis and charter vehicles has diminished over time and there is now a degree of competition between the two sectors. The emergence of app technology in recent years has seen new services, like Uber and Shofer, enter the industry. Customers now have bigger expectations for the types of services they want to use and enjoy, the wait times they are willing to accept and the amount of live information they wish to receive about their on-demand transport service.

In July 2015, the government released a green paper to stimulate discussion within the sector and community on the future of on-demand transport for Western Australia. In releasing the paper for comment, the Minister for Transport made it clear that the government’s intention is to relax the regulatory environment in which taxis and charter vehicles operate, allowing all operators to innovate and develop new business models to take advantage of changing customer expectations.

In December 2015, the Minister for Transport announced the government’s plans to transform the on-demand transport industry in two stages. The first stage comprises a package of interim initiatives, with the aim of creating a simpler environment for the industry to provide safe, flexible and innovative services that meet customer expectations for service reliability and affordability. The majority of these initiatives have largely been achieved through the amendment to regulation and administrative policy, which commenced on 4 July 2016. These initiatives reduced the amount of red tape involved in the operation of both taxi and charter vehicles and provided more flexibility to operators in the types of services they can offer.

The bill I put to the house today forms part of the stage 1 reforms. In seeking to provide a more level playing field, it is no longer considered appropriate for provisions under the Taxi Act 1994 to cap the number of metropolitan taxi plates that can be owned. Under sections 17 and 24 of the act, no one person or entity can own more than five sets of metropolitan taxi plates. That restriction was originally put in place 50 years ago, capped at two plates, to ensure that licences were issued to people who were genuinely engaged in the industry as taxi operators and drivers. In 1975 this restriction was extended to a five-plate cap. The removal of this five-plate cap allows the taxi industry to respond to increasing competition and gives plate owners the flexibility to explore economies of scale in their operations. Owners and drivers will be encouraged to work together to “cooperatise” or “corporatise” and create new brands in an effort to differentiate their services and to attract new customers. Management companies are also free to negotiate the purchase of plates. The removal of the plate cap for metropolitan taxis will be a very positive step forward for the industry.

In the past, businesses did not need to focus on their brand or customer proposition as a one-size-fits-all arrangement applied across all taxis. Moving forward, business value will be derived from a superior customer proposition and how they choose to differentiate themselves relative to the rest of the market.

We do, however, recognise that the proposed reforms will present transition challenges to some already in the industry. To assist with this transition, the government proposes to use the taxi industry development account to provide a transition assistance package, which will be available to those most affected by the reforms. This bill makes amendments to the act to allow for a specific transition assistance payment to be made from the TIDA. A \$20 000 adjustment assistance payment will be paid to owners of metropolitan taxi plates for each plate acquired prior to 18 December 2015, up to a maximum of five plates. A proportional adjustment assistance payment of \$6 000 will also be made available to peak-period and area-restricted plate owners, fairly reflecting the reduced scope of adjustment required for these operators.

Experience in other jurisdictions where reforms have commenced shows that taxis continue to be an important and viable part of the industry. The \$20 000 or \$6 000 payment is to assist metropolitan taxi plate owners in the transition to the more competitive and flexible environment, rather than exit the industry. Going forward, we know that the value of an individual taxi business will be more about the service that particular businesses provide to customers, rather than reflecting a view of the taxi sector as a whole.

In leading these reforms, the Minister for Transport has spoken to and heard from many Perth taxi owners who are struggling financially during these times of transition. Figures show that the demand for taxi services fell 15 per cent in 2015, compared with 2014—a combination of both the slowing economy and the increase in competition. The government has tried to buffer this fall, reducing the supply of taxi plates in the industry by 20 per cent. It is acknowledged, however, that assistance for the taxi sector is warranted.

This bill enables the first tranche of transition adjustment assistance to be paid to eligible plate owners as soon as possible. The Minister for Transport has also asked the department to explore options for further adjustment assistance to the industry as part of the stage 2 reforms. This investigation includes consideration of a levy on on-demand transport trips to fund any further payments.

On Friday, 9 September 2016, letters were sent to all metropolitan taxi plate owners advising of the availability of a hardship fund. This financial assistance of \$6 million over the next two years will support plate owners whose income or assets are insufficient to support themselves and their family with the basic essentials of food, housing, education, clothing and medical expenses. The eligibility criteria and application forms are available from the Department of Transport, and a suitably qualified, independent chairperson and organisation have been appointed to assess claims for assistance. Although the eligibility and assessment criteria have been established, the fund has flexibility to cater for unique circumstances and for those most in need. Since July 2016, businesses involved in the on-demand transport sector have been able to access training and guidance provided through the Small Business Development Corporation under a new innovation training fund. This guidance is available to taxi operators currently working within the industry to help them innovate and develop new customer propositions, understand business opportunities in the digital economy and add value through branding and better customer service.

The government stands ready to work closely with industry to ensure the regulated rank-and-hail fare can remain competitive with the broader industry and that a quality customer proposition that offers a high quality and a differentiated service can allow taxi plates to generate a good return going forward. Stage 2 of the reforms will follow next year, with the creation of a single act governing the on-demand transport industry. Specifically, it will ensure that a chain of accountability exists across all entities that deliver on-demand transport services, including the drivers, operators, plate owners and dispatch services; define the role of the regulator in what is now an information technology-driven environment; and provide appropriate compliance powers and strong financial penalties that will ensure on-demand transport industry participants who are noncompliant are held accountable. In addition, stage 2 will see all dispatch services, including app-based booking services, accredited under the new act. A code of practice will be developed in consultation with industry to support the chain of accountability framework. A full review of the reform process, in close consultation with industry, will be undertaken in three years' time.

The reforms outlined today assist in enabling a more dynamic and flexible on-demand transport sector that is able to best meet the changing demands of customers. Safety for drivers, passengers and other road users will continue to be paramount and the quality of the service offered to customers will determine the amount of business that on-demand transport providers are able to generate in the new environment. Those impacted will be supported by the transition assistance measures I have outlined and the Minister for Transport has appointed Mr Howard Croxon as the independent chair of the on-demand transport advisory group to continue our consultation with all stakeholders as we progress these important reforms. The initiatives outlined today will deliver real benefits to the on-demand industry and to the Western Australian community.

Pursuant to standing order 126(1), I advise that this bill is not a uniform legislation bill. It does not ratify or give effect to an intergovernmental or multilateral agreement to which the government of the state is a party. Nor does this bill, by reason of its subject matter, introduce a uniform scheme or uniform laws throughout the commonwealth.

I commend the bill to the house and table the explanatory memorandum.

[See paper 4493.]