

**TAXI AMENDMENT BILL 2016**

*Introduction and First Reading*

Bill introduced, on motion by **Mr D.C. Nalder (Minister for Transport)**, and read a first time.

Explanatory memorandum presented by the minister.

*Second Reading*

**MR D.C. NALDER (Alfred Cove — Minister for Transport)** [10.10 am]: 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—which do not fit into the current dated legislative and regulatory framework—as well as three separate and significant reports, have driven industry reform. These reforms are about creating a level playing field, with the introduction of a new regulatory framework that will allow the established taxi and omnibus sectors to compete fairly with new market entrants. The reforms also seek to ensure the safety of drivers and customers, reduce the cost of regulation for owners and drivers, provide the industry regulatory freedom to encourage greater innovation, and ensure that the on-demand industry, including drivers, operators, plate owners and dispatch services, has greater accountability.

Historically, Western Australia’s on-demand transport industry has been served by taxis and charter vehicles, regulated as two distinct categories. Taxis as we know them today have operated since the 1950s in the same way—liveried vehicles providing short journeys with metered fares for customers who have either hailed the vehicle from a designated rank or from the side of the road, or phoned a taxi dispatch service. Charter vehicles have typically offered a luxury service, generally for special events, airport transfers, tours, or the like, with prearranged fares.

Over the years, government has sought to reinforce the distinction between taxis and charter vehicles through regulation. A range of conditions have been imposed on charter vehicles to prevent direct competition with taxis, such as requiring them to fall within the luxury car category and imposing minimum \$60 fares. Taxis have been regulated to ensure they offer a clean, reliable service to the community at all times and in all areas. Drivers are also required to receive regular training, maintain a working meter and install cameras to a particular specification in their vehicles as an extra level of passenger and driver safety. 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, I 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. Although the consultation showed there are some strong and disparate views, there is broad support of the need for reform legislation and regulation to allow business to change to capture more customers as well as the need for greater accountability from all parts of the industry, including the drivers, operators, plate owners and dispatch services.

In December 2015, I announced the government’s plans to transform the on-demand transport industry in two stages. The first stage will see a package of interim initiatives, largely achieved through amendment to regulation and administrative policy, to be rolled out from 1 July 2016 onwards. Stage 1 will create a simpler environment for the industry to provide safe, flexible and innovative services which meet customer expectations about service reliability and affordability. It will reduce the amount of red tape involved in the licensing and operation of both taxi and charter vehicles and provide more flexibility to operators in the types of services they can offer. It will also provide a licence category for new market entrants, such as Shofer and drivers using Uber, to participate in the industry, with an omnibus licence fee set at \$272 in 2016–17.

Also in stage 1 drivers will be able choose whether or not to affiliate with a dispatch service or to affiliate with multiple dispatch services. Drivers will have the freedom to set fares as they wish, subject to transparent written pricing principles, excluding rank and hail. Taxidrivens will be free to prearrange fares and continue to use meters for rank and hail and taxi user subsidy scheme jobs. Mandatory operating hours will be removed, which will allow for more flexible working hours. The current \$60 minimum fares for omnibus operators will be removed, allowing operators to accept a wider range of and cheaper jobs. Taxidriver entry requirements will be

streamlined and will be the same for omnibus drivers. This will reduce costs for new taxidivers entering the industry by up to \$834 and the time spent on training by up to 28 weeks. The Perth metropolitan-owned taxi plate transfer fee of 2.5 per cent of the plate purchase price will be removed and replaced with a flat fee of \$74. For customers with accessibility requirements, the appointment of a dedicated multipurpose taxi dispatch service will provide improved coordination of wheelchair taxi services across the Perth metropolitan region. 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. Government will continue to monitor the transition process and stand ready to intervene on any predatory behaviour. In doing so, the Department of Transport will work with the Economic Regulation Authority to develop a framework to identify and manage such behaviour.

Government holds a number of unallocated taxi plates that would be offered to existing industry participants, such as management companies, to support them through the transition to full reform in stage 2, if any predatory behaviour is confirmed. In addition, safeguards also exist within the commonwealth Competition and Consumer Act 2010 against activities that do not promote fair trading and competition. The Australian Competition and Consumer Commission has the power to enforce anti-competitive conduct. The removal of the plate cap for metropolitan taxis will be a very positive step forward for the industry.

The changes that the government is making represent a great opportunity for the entire on-demand transport industry to modernise and innovate to meet customer demands. With strong long-term economic growth projections, the outlook for the industry continues to be very strong. These reforms will provide certainty to an industry that has experienced severe disruption in recent years. 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.

[Interruption from the gallery.]

**The SPEAKER:** You are quite entitled to sit and listen; you are not entitled to shout out or to make any noise in the gallery. Thank you.

**Mr D.C. NALDER:** A proportional adjustment assistance payment of \$6 000 will be made available to peak-period and area-restricted plate owners, fairly reflecting the reduced scope of adjustment required for these operators. A further hardship fund will be made available to eligible plate owners who rely on their ownership of taxi plates as a sole source of income and who have suffered financial hardship as a direct result of the reforms. For this purpose, \$6 million has been allocated over the next two years.

The eligibility criteria and application process are being finalised and will ensure that the fund has flexibility to cater for unique circumstances and for those most in need. Businesses involved in the on-demand transport sector will also be able to access training provided through the Small Business Development Corporation under a new innovation training fund. This training will be 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 implementation of stage 1 will also ensure that taxis have continued exclusive access to the rank-and-hail market. Currently, this is up to 60 per cent of the on-demand transport market. In addition, taxis will be able to operate as on-demand vehicles offering pre-agreed fares, allowing them to access all jobs across all platforms. Omnibus operators will not be able to carry out rank-and-hail work. Taxi dispatch services are encouraged to

introduce a transaction fee structure rather than a locked-in weekly fee to allow operators and drivers greater multi-affiliation flexibility. Maximum metered fares and other areas that are necessary to ensure public safety will continue to be regulated by the Department of Transport, while industry assumes greater responsibility for the general level of 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. A quality customer proposition that offers a high quality and differentiated service will allow taxi plate owners 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 a chain of accountability exists across all entities that deliver on-demand transport services including the drivers, operators, plate owners and dispatch services. It will also define the role of the regulator in what is now an information technology-driven environment, and provide appropriate compliance powers and strong financial penalties to ensure that on-demand transport industry participants who are non-compliant are held accountable. In addition, stage 2 will see all dispatch services, including application-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. If required, government will mandate transactional fees for dispatch services. A full review of the reform process, in close consultation with industry, will be undertaken in three years' time.

The reforms outlined today will allow a more dynamic and flexible on-demand transport sector that is able to best meet the changing demands of customers. Safety for passengers and drivers will continue to be paramount and the quality of the customer proposition will determine the amount of business that transport providers are able to generate in the new level playing field. Those impacted will be supported by the transition assistance measures I have outlined. I have appointed 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. I commend the bill to the house.

Debate adjourned, on motion by **Mr D.A. Templeman**.