



Department of  
**Transport**

# On-demand Transport

## A discussion paper for future innovation



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Front cover photo courtesy of Tourism WA



# MINISTER'S FOREWORD

There is no question that the past 12 months has been a period of significant upheaval for the on-demand transport industry across Western Australia and, indeed, the entire country.

Changing consumer expectations and the emergence of new players within the on-demand transport industry have made it abundantly clear that the current rules and regulations need a significant overhaul.

On-demand transport is a critical part of the wider transport system in Western Australia, and ensuring that it has the flexibility to meet the challenges of a growing community is a high priority.

This Green Paper is designed to outline a simpler environment that enables transport providers to innovate and provide on-demand services that meet the needs of the travelling public.

It is important that changes of this kind are undertaken with the benefit of commentary from everyone involved in and impacted by the industry. There is an obvious need for fundamental reform and the Government is keen to ensure there is good opportunity for stakeholders – including on-demand transport customers and the wider community – to have their say.

We seek to deliver a level playing field within the industry that provides a safe and reliable service for consumers and drivers and increased competition and responsibility for the delivery of a quality service at a fair price. While it is recognised that taxi plate investors have purchased plates in good faith, the economic value of a business should be based on a superior customer proposition rather than the scarcity of supply or government regulation.

I am starting a conversation with Western Australians on how we can ensure that on-demand transport has the flexibility to meet the expectations of both taxi drivers and passengers.

This is a challenging time for the industry, as the Department of Transport works on reform, exploring what kind of environment we want for the future of the on-demand transport in Western Australia – the first reform in more than two decades.

**Hon Dean Nalder MLA**  
Minister for Transport



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# ACRONYMS

AR	Area-restricted (taxi)	PSBU	Passenger Services Business Unit (of DoT)
Apps	Smart phone applications	RAC	Royal Automobile Club of Western Australia
CT	Country taxi	SCV	Small charter vehicle
DoT	Department of Transport, Western Australia	TC	Tour and charter
ERA	Economic Regulation Authority	TCB	Taxi Control Board
MAC	Management Advisory Committee	TCSU	Taxi Camera Surveillance Unit
MPT	Multi-purpose taxi	TDL	Taxi driver's licence
OECD	Organisation for Economic Co-operation and Development	TDS	Taxi Dispatch Service
ODT	On-demand transport	TIB	Taxi Industry Board
PBT	Purpose-built taxi	TMC	Taxi management company
PP	Peak period (taxi)	TUSS	Taxi User Subsidy Scheme
PT	Private taxi	WAT	Wheelchair-accessible taxi

# TERMS

<b>App*</b>	A digital product that can be downloaded onto a smart phone, tablet or other electronic device.
<b>Area-restricted taxi</b>	A taxi restricted to a particular area of operation within the Perth metropolitan area that may accept fares to anywhere within the metropolitan area but must return immediately to their restricted area after completing the fare.
<b>Conventional taxi</b>	A taxi plates that are used, or to be used, except on – a) a taxi operated subject to conditions restricting the operation of the taxi to specified times or areas; or b) a multi-purpose taxi.
<b>Fit and proper</b>	The term ‘fit and proper’ is generally used to describe a person (or entity) who is deemed suitable to carry out a particular activity. A person may be deemed to be ‘not fit and proper’ if there is a history of behaviour that gives cause for concern or may undermine public confidence in the on-demand transport industry. For example, a person with a history of violence, prior convictions or dishonesty, may be deemed to be ‘not fit and proper’.
<b>Multi-purpose taxi</b>	A taxi that is principally for the transport of persons who have a disability and any wheelchair or other aids required by that person.
<b>Omnibus</b>	A passenger vehicle operating for reward that is not a taxi.
<b>On-demand transport</b>	A user-oriented form of transport characterised by flexible routing and scheduling of small/medium vehicles operating between pickup and drop-off locations according to a passenger’s needs.
<b>Patron</b>	A person who is a customer, client or paying guest. In the context of on-demand transport, a patron is any person being carried in exchange for a fee or fare for the service provided.
<b>Peak period taxi</b>	A taxi that can only operate during times approved by the Director General of the Department of Transport. These times are typically times of high demand.
<b>Private taxi</b>	Country charter vehicles that are usually luxury passenger cars used solely for charter, with journeys commencing outside the Perth Taxi Control Area.
<b>Small charter vehicle</b>	Usually a luxury passenger car of a prescribed standard which can carry fewer than 12 passengers (with the exception of some stretched/modified vehicles). They must be used solely for charter, with journeys commencing within the Perth metropolitan area.
<b>Substitute taxi</b>	A taxi that is approved to operate for the purpose of continued operation of a taxi service as a temporary measure when the original taxi is unable to operate.

\*Macquarie Dictionary Online 2015, Macquarie Dictionary Publishers, an imprint of Pan Macmillan Australia Pty Ltd.  
www.macquariedictionary.com.au

# EXECUTIVE SUMMARY

Three significant reports have been delivered over the past two years, all calling for reform of the on-demand transport industry in Western Australia.

The proliferation of new market entrants and innovative business models has highlighted the inadequacy of existing legislation to allow businesses to adapt to customer demands.

Through the Green Paper, *On-demand Transport - Discussion Paper for Future Innovation*, the Government is starting a discussion with Western Australians on how best to deliver a safe, flexible, responsible and innovative on-demand transport environment. This discussion not only relates to the future, but also to the path we need to take in transitioning from a highly regulated environment, to one that is influenced by consumer choice.

Four key areas for reform have been identified for discussion in this Green Paper. These are:

## A simpler approach

The Green Paper explores simplifying the current regulatory arrangement by creating a single piece of legislation to govern the licensing of on-demand vehicles. This will create a consistent environment for all providers of on-demand transport and reduce red tape for the industry. Currently, metropolitan taxis, country taxi-cars, and omnibuses (small charter vehicles, tour and charter vehicles and

regular public transport vehicles) are governed by different pieces of legislation and sets of regulations.

## Service improvement

To create the flexibility industry requires, the Green Paper outlines a new, simplified model for licensing on-demand vehicles. This model also gives existing owners and lessees of taxi plates certainty by continuing to recognise existing arrangements.

A new, annual licensing framework will be created that operates in parallel with the existing arrangements. This framework will create a series of Annual Licence Vehicle (ALV) types that are not overly prescriptive and focus on minimum safety standards.

In keeping with common practice, licence fees should be set at the cost of regulation. To ensure that owners of taxi plates are not burdened with additional fees on top of the purchase cost of their plate, it is proposed that plate owners not be subject to any ongoing fees or charges, or that these fees be waived for an extended period (i.e. 15-20 years). The key benefit of this is the reduction in cost to industry, allowing industry to provide higher quality services at a lower cost.

Other areas of service improvement include:

- removing impediments to the corporatisation and co-opertisation of taxi plates;
- using a structured licensing regime for on-demand transport drivers, whereby the Government sets minimum standards, with industry responsible for setting additional training depending on the service they provide;
- improving price transparency by discouraging the use of metering arrangements and requiring dispatchers to pre-agree a fare at the time of booking; and
- encouraging multi-affiliation of drivers and vehicles with dispatchers to improve choice.

### Achieving accountability

In providing consumers with greater choice in the provision of on-demand transport, it is critical that providers, including dispatching services, are accountable for their services. This is particularly true when dealing with issues that have a negative impact on either the safety of the consumer, driver, or community; or have the potential to undermine public confidence in the wider on-demand transport industry in Western Australia.

To ensure these accountabilities are maintained, it is proposed that a chain of accountability framework be created and supported by a code of practice developed in consultation with industry.

This chain would cover the four key roles in providing on-demand transport services:

- the dispatcher of the vehicle;
- the licence holder;
- the owner of the vehicle; and
- the driver of the vehicle.

A breach in the chain of accountability could result in either an infringement or court-imposed penalty and/or civil liability for any damages caused.

The drivers of on-demand transport vehicles could be licensed using a framework such as the *Taxi Drivers Licensing Act 2014* or similar. This would allow a consistent state-wide approach for setting entry standards for drivers such as criminal record checks and provide a mechanism for permanently removing undesirable drivers from the industry.

Performance and quality standards for drivers should be set and maintained by on-demand transport providers themselves.

### Maintaining accountability

To ensure the licensing environment has integrity and that on-demand transport providers are accountable, there will need to be a regulator with the appropriate tools at their disposal to ensure that industry is free to provide transport services in a safe and secure manner.

The role of the future regulator of on-demand transport should focus on:

- Education – so that industry is informed about best practice, emerging issues and receives support in complying with legal obligations.
- Industry liaison – to ensure industry and regulators share a common understanding of issues and that informed advice is given to Government and the Minister.
- Enforcement – to ensure providers of on-demand transport services comply with requirements and are held accountable for the services they provide.

The regulator should not be involved in direct delivery of training or testing of drivers and /or licensees and, instead, should set standards and monitor compliance with those standards.

With the increasing use of telecommunications technology that allows for non-compliance on a large scale, the regulator will need stronger powers and more effective penalty provisions. These increased powers will entail appropriate governance arrangements (checks and balances) to ensure they are used appropriately.

The key benefit of the proposed reforms will be more choice for industry and consumers alike. Operators will be able to provide different types of services at different price points giving consumers freedom to choose services that meet their needs and budget. The value of an on-demand transport business will be based on the customer proposition that they offer and their ability to attract and retain loyal customers.



# REFORM OBJECTIVES

The Government seeks to engage industry and the community on the future of on-demand transport services in Western Australia. The objectives of industry reform are to:

- ensure safe vehicles and safe drivers for the community;
- deliver a safer, more flexible, responsible, innovative and customer service focussed on-demand transport industry;
- transform the regulatory environment to support industry reform and improved service delivery, while reducing the cost of regulation;
- support industry to assess and address its own risks; and
- directly link regulatory requirements to the industry bottom line through a chain of accountability that will improve patron service.

Photo courtesy of Tourism WA



# SECTION 1

## PURPOSE OF THE GREEN PAPER

### What is a green paper?

A green paper is a discussion document prepared on a specific policy area for the purpose of discussion and comment with interested parties. Discussion papers do not commit the Government or Minister to the views expressed in the paper or to a particular direction or course of action. The objective of the green paper is to arrive at a general consensus prior to developing future policy initiatives and changing legislation.

This Green Paper is the first step in developing a new approach to reforming on-demand transport services and laws in Western Australia. It seeks to promote discussion about areas of policy reform that will best deliver a safe, flexible, responsible, innovative and customer service-orientated on-demand transport system.

Topics highlighted in this Green Paper have been identified as relevant policy areas that will facilitate improvement and change. There may be other aspects of reform not addressed that are also relevant for consideration.

The Green Paper is of most interest to anyone associated with the taxi and omnibus sectors in Western Australia such as plate owners, plate lease holders, drivers and dispatchers, as well as industry representative bodies, transport regulatory agencies, the police and members of the public who utilise on-demand transport services.

There will be public consultation on the Green Paper to enable interested parties to provide feedback on the issues raised and to identify other important matters and possible strategies. Interested people will be able to provide written submissions. Following consideration of all submissions received, a plan of action will be developed that outlines the agreed reform agenda and how it will be implemented.

### What will this approach achieve?

This approach will result in a framework of priority policy options that will be used to drive change across the on-demand transport industry. This will be developed in consultation with industry and transport users. The reform will provide direction for future legislative changes to establish a modern, flexible regulatory environment that supports a safe and resilient industry that adapts to new technologies and is responsive to the needs of its patrons.

### Reform philosophy

The key principles behind the reform concepts outlined in the rest of this Green Paper are that:

1. Industry should be free to innovate in a safe and secure manner to provide the transport services consumers want.
2. The regulatory environment should be focussed on ensuring that:
  - a. drivers and vehicles providing on-demand services are safe; and
  - b. people and organisations enabling and providing on-demand transport services are accountable for those services.
3. The on-demand transport industry should be safe and accountable.
4. There should be a level playing field for all providers of on-demand transport.



## Structure of the Green Paper

This Green Paper was developed by the Department of Transport (DoT) under direction from the Minister with input from various industry and stakeholder groups.

**Section two** provides an overview of the issues currently influencing on-demand transport requirements and consumer sentiment. It identifies four key policy areas through which reform could be considered and presents specific proposals to underpin change. The policy areas include:

- the legislative framework governing licensing;
- a new licensing model;
- industry accountability; and
- maintaining accountability through regulatory transformation.

**Section three** provides an overview of the current regulatory environment for on-demand transport and identifies a simpler regulatory framework for the industry.

**Section four** outlines the current licensing framework for taxis, country taxi-cars, private taxis and omnibuses and presents a new licensing model aimed at simplifying the current system and providing a level playing field across the on-demand transport sector. Improvements to the application of licence conditions, pricing, quantity restrictions and service standards are discussed.

**Section five** outlines the accountability framework across the various entities within the on-demand transport industry and outlines an accountability relationship that could be supported through an industry code of practice.

**Section six** reviews the role of the regulator in light of the proposed reform initiatives.

**Section seven** provides a summary of what the proposed changes mean for various user groups to assist with understanding potential impacts and opportunities resulting from the reform.

The **Summary** details the public consultation process that is designed to collect responses to ideas presented in the Green Paper, providing an opportunity for individuals and organisations to share their views and shape the framework for reform.



# SECTION 2

## CONTEXT

This section describes the current environment and issues influencing on-demand transport services in Western Australia. The factors driving change in the industry and providing impetus for reform are identified along with key policy areas that could support platforms for change.

### The importance of transport

Transport is a key aspect of liveability in cities. It enables people to access employment, education, entertainment and lead fulfilling lives. A city's transport solutions can define a city, giving that city an identity and a sense of place. Effective integrated transport networks can create and sustain a city's vibe and integrate the city's inhabitants by facilitating access to places.

Transport is generally thought of in terms of private and public transport. Private transport describes a variety of transport modes including walking, private car, motorbike and bicycle. Public transport generally describes Government-provided or subsidised bus, train and ferry services. A person's choice of transport will be influenced by the:

- socio-demographic characteristics of the individual;
- purpose of the journey;
- time of day;
- access and frequency of public transport;
- parking availability;
- travel time; and
- convenience and cost.

### What is on-demand transport?

On-demand transport is a user-oriented form of transport characterised by flexible routing and ad-hoc scheduling of small/medium vehicles operating between pick-up and drop-off locations according to the passenger's wishes. It sits between public and private transport as it is provided by the private sector and offers a personal transport experience to the general public.

The most easily recognised form of on-demand transport is the taxi, however, other providers of on-demand transport include limousines (generally called small charter vehicles or private taxis in Western Australia), and tour and charter vehicles, which provide services ranging from airport transfers through to guided tours.

On-demand transport is a key connector linking places and people to public transport networks; providing options for special events or when public transport is not available; and assisting people with disabilities to access places and services. On-demand transport is characterised by the ability of users to summon the most appropriate vehicle for the purpose at hand. This eliminates the need for parking, driving or walking to bus stops and train stations. Passengers can choose the transport provider they want based on any number of characteristics such as efficiency, vehicle type, comfort, service quality, cost and brand loyalty.

### Western Australia is changing

Perth is currently Australia's fastest growing capital city with a population that has increased by 14.3 per cent between 2006 and 2011<sup>1</sup>. Population projections for Western Australia predict an increase from 2.43 million people in June 2012 to 3.27 million people by 2026, with the largest increase likely to occur in the South West of the State<sup>2</sup>. This increasing population will place greater strain on existing transport networks; require additional transport infrastructure and require an on-demand sector that can grow and adapt to the changing population and consumer demand.

<sup>1</sup> Tourism Council WA, *Destination Perth Developing Perth's Visitor Economy*, March 2014 [http://www.tourismcouncilwa.com.au/wp-content/uploads/Destination-Perth\\_March-2013-Final.pdf](http://www.tourismcouncilwa.com.au/wp-content/uploads/Destination-Perth_March-2013-Final.pdf)

<sup>2</sup> Australian Bureau of Statistics *Population Projections* [http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/3222.0main+features112012%20\(base\)%20to%202101](http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/3222.0main+features112012%20(base)%20to%202101)





The *State Government Strategy for Tourism in Western Australia 2020* has established a target to double the value of tourism expenditure from \$6 billion in 2010 to \$12 billion by 2020<sup>3</sup>. Total visitor nights in Western Australia are forecast to increase by approximately 34 per cent between 2014/15 and 2022/23<sup>4</sup>. A successful tourism sector is highly reliant on an effective on-demand transport industry to provide services ranging from airport transfers through to chartered tours. This not only requires an on-demand transport industry that can keep up with demand, but one that is professional and enhances WA's reputation as a tourism destination. After all, for many tourists their first and last experience of Western Australia will be provided by an on-demand transport service provider.

Forecasts of significant population growth and increases in tourist numbers will have implications for movement patterns around the State and will result in increased and new demands on infrastructure and, particularly, the transport sector. It is critical that on-demand transport is flexible and can adapt to the changing needs of the population and consumer expectations.

## Technology is changing

One of the most significant catalysts for change is the emerging information and communication technologies that drive change at a rapid rate and can assist safety, increase operational efficiency and result in improved cost effectiveness. Emerging technologies and innovation can range from smartphone applications to book-and-track taxis and ride-sharing business models. The use of emerging technologies and innovation is limited only by capability, resources, regulatory frameworks and commitment. These technologies not only simplify the user experience for consumers, they also provide opportunities for people with disabilities to better engage with the community and assist them with accessing services.

<sup>3</sup> State Government *Strategy for Tourism in Western Australia 2020* <http://www.tourism.wa.gov.au/About%20Us/Documents/TWA%20Detailed%20Strategy.pdf>

<sup>4</sup> Ibid

## People are changing

Recent research in the United Kingdom has shown an emerging generational change in how transport is used and accessed. Research shows Generation Y has lower car ownership levels (68 per cent) compared with Generation X (81 per cent)<sup>5</sup>. The younger generation wants practical, smartphone-accessible transport options that are simple, flexible and inexpensive<sup>6</sup>.

The trends described in these reports are also reflected in Australia where the younger generation is a “tech-savvy, globally minded generation

[that] isn't joining, buying, networking, learning or engaging like other generations”<sup>7</sup>. Sarah Sladek, author of *Knowing Y: Engage the Next Generation Now!*, identified this generation as typically defined by, amongst other things, valuing customisation; remaining detached from institutions but closely networked with friends; able to organise friends for grass-roots activism; and actively researching prices and reading reviews prior to making a purchase<sup>8</sup>. All these traits have implications for how on-demand transport is utilised by Generation Y and implications for the uptake of innovative services in the future.

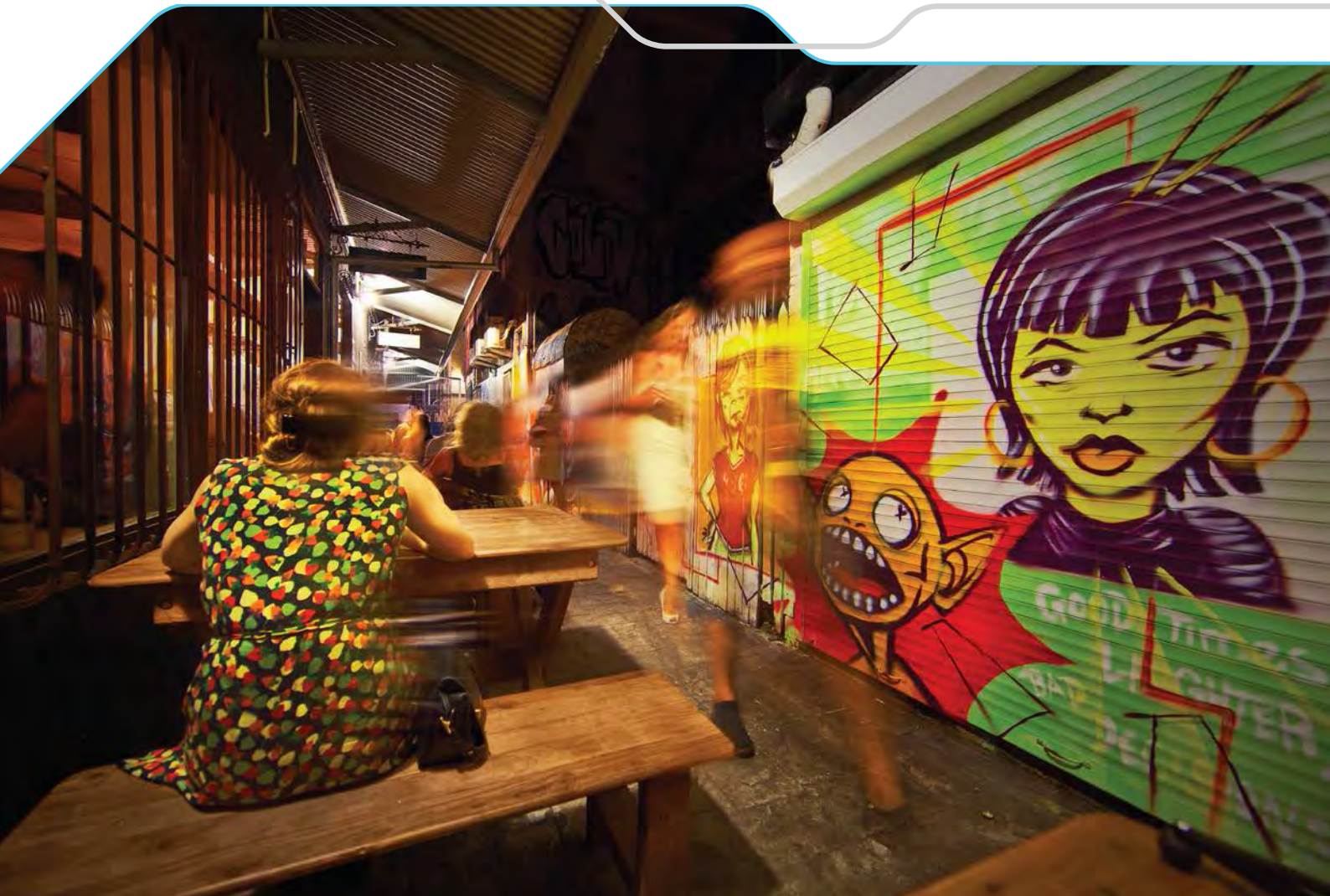
<sup>5</sup> TNS Automotive Study; *Are the wheels coming off for generation Y? 2013* [http://www.tnsglobal.com/sites/default/files/whitepaper/TNSUK\\_Auto2013Nov22.pdf](http://www.tnsglobal.com/sites/default/files/whitepaper/TNSUK_Auto2013Nov22.pdf)

<sup>6</sup> The Conversation, *The transport-on-demand revolution could start in Helsinki*, 31 July 2014 <http://theconversation.com/the-transport-on-demand-revolution-could-start-in-helsinki-29854>

<sup>7</sup> Sarah Sladek. *Knowing Y: Engage the Next Generation Now!* 30 July 2014

<sup>8</sup> Ibid

Photo courtesy of Tourism WA



## The community's views

Over the past five years customer complaints relating to on-demand transport received by the Department of Transport have remained essentially unchanged. The average number of complaints relating to taxis between 2012 and 2014 was 490, with no significant increase or decrease over this time.

The key issues that result in complaints include being refused transport because of the destination; unroadworthy vehicles; dirty/smelly vehicles; rude drivers; drivers with poor knowledge of Perth geography; drivers attempting to take longer routes to increase fares; lack of availability of taxis during peak hours and Saturday nights; and dealing with the issue of taxis that fail to arrive for a booking.

Generally, small charter vehicles receive fewer complaints than taxis. This can be explained by the different operating models where small charter vehicles are pre-booked for a specific date and time; and they provide a personalised service with a pre-agreed fare. This arrangement removes a significant amount of uncertainty and, therefore, angst for both the client and service provider. In contrast, taxis are generally booked at the last minute; their arrival time is uncertain; and the fare is unknown.

A 2013 survey of 1,141 Taxi Users Subsidy Scheme (TUSS) members highlighted the poor quality of customer service; accessibility and lack of reliability of service (specifically late at night and busy periods); long wait times (even with advanced bookings); and safety concerns, as key complaint areas for wheelchair-accessible taxis.

As at March 2015, more than 40 per cent of wheelchair-accessible taxi service requests are not delivered within the prescribed wait times. Analysis of monthly performance statistics shows that service standards for wheelchair-accessible taxis are falling below patron needs and, in some instances, are below performance standards achieved for conventional taxi services in the same area.

Importantly, customers expect that when they book an on-demand transport service, the service will be provided. Taxi dispatch services in Western Australia operate a 'best endeavour' service and do not guarantee to fulfil the bookings they accept.

While some believe the Government should do more to enforce standards, there is also the view that increased choices in the market would result in improved service quality without the need for regulatory intervention. This would then reduce the cost of regulation.

## Calls for reform

The need for a review of on-demand transport has been underlined over the past 12 months with the release of three major reports that call for reform and deregulation of the on-demand transport industry in Western Australia:

1. The Economic Regulation Authority (ERA) *Inquiry into Microeconomic Reform in Western Australia*.
2. RAC report titled *Review of Aspects of the Taxi Industry* in Perth and Western Australia.
3. The Competition Policy Review Panel final report reviewing Australia's competition policy.

On 28 July 2014, the ERA released its *Inquiry into Microeconomic Reform in Western Australia – Final Report*<sup>9</sup>. This report outlined 11 recommendations relating to on-demand transport (predominantly taxis) including the removal of quantity restrictions; the removal of the \$60 floor price applicable to small charter vehicle hiring and luxury vehicle standards for small charter vehicles (SCV); and standardising training requirements for taxi and SCV drivers.

<sup>9</sup> Economic Regulation Authority 2014, *Inquiry into Microeconomic Reform in Western Australia: Final Report*.



In October 2014, the RAC released the *Review of Aspects of the Taxi Industry in Perth and Western Australia*<sup>10</sup>, authored by Professors Alan Fels AO and David Cousins AM, who also led the Victorian Taxi Industry Inquiry. The RAC report was targeted specifically at the taxi industry and made a total of 34 recommendations for reform including:

- that legislation relating to taxis and other small commercial services be reviewed and updated to reflect modern requirements, and be applied across the State;
- that a number of licence-related restrictions such as fare setting, quantity restriction, area and shift restrictions, and fare controls be reviewed;
- that legislation be enacted to ensure dispatch organisations are subject to the same service guarantee provisions that apply to other service providers; and
- ensuring the regulator is appropriately resourced and operates in a fully transparent and accountable manner.

On 31 March 2015, the Competition Policy Review Panel released its final report<sup>11</sup>. The report reviewed Australia's competition policy and echoed the ERA's recommendations. It proposed that regulatory reviews ensure that "unnecessary restrictions on competition are removed..." and, in particular, the removal of "...regulations that restrict numbers of taxi licences and competition in the taxi industry, including from ride sharing and other passenger transport services that compete with taxis."

## The inevitability of change

All of these factors contribute to a pivotal period of change for the on-demand transport industry in Western Australia. A failure to respond to external pressures and the changing needs of the consumer could potentially render the current on-demand transport services ineffective in the face of new and innovative industry entrants that provide a greater scope of consumer-focused service options.

## Enabling change

The changes in technology and the resulting changes in consumer behaviour were not anticipated when existing laws were written and, largely as a result, Western Australia's regulatory environment is inflexible and acts as an impediment to innovation.

To address this, and to ensure that Western Australia has laws that allow for innovation while ensuring the safety and integrity of on-demand transport is preserved, this Green Paper proposes reforms in four key areas:

1. A simpler approach – by creating a single piece of legislation that covers all forms of on-demand transport.
2. Service improvement – by creating a less prescriptive licensing framework that shifts the compliance focus onto vehicle safety and away from the types of services that industry can provide.
3. Achieving accountability – by creating an accountability framework that outlines the responsibilities of individuals and companies that participate in providing on-demand transport.
4. Maintaining accountability – by better defining the role and powers of the regulator as well as the range and size of penalties so that industry participants can be properly held to account if they do not meet their responsibilities.

The purpose of the reform initiatives are to ensure that the industry is free to provide the types of services that consumers want whilst ensuring that the public can have confidence in the safety and accountability of the on-demand transport industry.

<sup>10</sup> Economic Alternatives Pty, Ltd. Royal Automobile Club *Review of Aspects of the Taxi Industry in Perth and Western Australia*, October 2014

<sup>11</sup> Commonwealth of Australia, *The Australian Government Competition Review 2014*



Figure 2.1: Representation of on-demand transport reform model

## ON-DEMAND TRANSPORT REFORM OPPORTUNITIES

### A STATE-WIDE APPROACH

#### Issue

- Separate legislation applying to metropolitan taxis (*Taxi Act 1994*) and non-metropolitan regional taxis and omnibus vehicles (*Transport Coordination Act 1966*)

#### Aim

1. Establish a single state-wide legislative framework for on-demand vehicles and services.
2. Establish a single state-wide legislative framework for on-demand transport drivers.
3. Provide consistent on-demand transport regulation across Western Australia.

### SERVICE IMPROVEMENT

#### Issue

- Licensing restrictions placed on operators limit the capacity of industry to improve and innovate.
- Quantity restrictions on some services limit the capacity of industry to meet fluctuating demand for transport services.

#### Aim

1. Provide a less prescriptive, more flexible licensing environment.
2. Create a level playing field for taxi and taxi-like services.

### ACHIEVING ACCOUNTABILITY

#### Issue

- Insufficient clarity on who is accountable for service delivery.
- Patrons cannot ascertain in advance whether a particular vehicle is safe, properly maintained or roadworthy.
- Patrons cannot ascertain in advance whether an individual driver is of good character or a competent driver of a motor vehicle.

#### Aim

1. Improve focus on passenger safety and service and vehicle standards through improved competition.
2. Facilitate greater transparency and informed choices.

### MAINTAINING ACCOUNTABILITY

#### Issue

- The existing regulatory framework is outdated with prescriptive definitions that fail to accommodate innovation.

#### Aim

1. A regulatory environment with fewer restrictions on the types of services that can be provided and the types of vehicles that can be used.
2. A regulator with the appropriate powers and penalties to ensure that people and organisations enabling and providing on-demand transport services are accountable for those services.

# SECTION 3

## A SIMPLER APPROACH

This section provides a brief overview of the current regulatory environment, the complexity of the regulatory environment and the obstacles the environment creates for industry, Government policy and the wider community. It also identifies that simplifying legislation will assist in overcoming some of these impediments.

### Current regulatory framework

Under the current State regulatory framework there is a variety of different arrangements for licensing on-demand transport services that result in inconsistent and often confusing arrangements for both industry and consumers.

There are two Acts that govern the licensing of on-demand vehicles in Western Australia.

These are:

- the *Taxi Act 1994* (governing metropolitan taxis); and
- the *Transport Co-ordination Act 1966* (governing country taxi-cars and omnibuses, which includes tour and charter vehicles, small charter vehicles and regular passenger transport).

The licensing of drivers of on-demand vehicles is regulated by:

- the *Road Traffic (Authorisation to Drive) Act 2008* and the *Road Traffic (Administration) Act 2008* (covering authorising drivers to drive omnibus vehicles); and
- the *Taxi Drivers Licensing Act 2014* (covering country and metropolitan taxis and taxi-cars once this Act is proclaimed and takes effect later in 2015).

#### The *Taxi Act 1994*

The *Taxi Act 1994* applies only to a prescribed control area which is currently a subset of the Perth metropolitan area. The *Taxi Act 1994* and associated *Taxi Regulations 1995* regulate the operation of taxis (including multi-purpose taxis); the management of taxi plates; and the registration of taxi dispatch services, and includes the compliance and enforcement provisions for taxis operating in the control area.

Many of the requirements and restrictions imposed on Perth metropolitan taxis are imposed by the *Taxi Regulations 1995*. These regulations:

- regulate the maximum number of conventional taxi lease plates that can be released as a percentage of the total number of conventional taxis (this is called the relevant percentage);
- the requirement for all taxis to have camera surveillance units and regulations pertaining to who may install taxi camera surveillance units and download and view the vision;
- fare schedules and the requirement for them to be displayed; and
- offence provisions (including passenger-related offences such as fare evasion).

#### The *Transport Co-ordination Act 1966*

The *Transport Co-ordination Act 1966* (the Act) applies state-wide and includes the Perth metropolitan area. Omnibuses and country taxi-cars are regulated under Part III and Part IIIB of the Act.

Omnibuses are motor vehicles used to carry passengers for hire or reward that are not taxis. An omnibus vehicle is required to be licensed under the *Transport Co-ordination Act 1966* as an omnibus and the licence will impose conditions on the operation of that vehicle and the service that it provides.

The types of conditions imposed by omnibus licences include:

- minimum and maximum seating capacity of vehicles;
- vehicle age limits;
- minimum fares (e.g. \$60 minimum fare for a small charter vehicle);
- records that must be kept;
- areas where a vehicle may or may not operate; and

→ specific routes and timetables (this generally applies only to regular passenger transport and shuttle services).

Existing omnibus licence types include small charter vehicles, regular passenger transport, tourism transfers, tour and charter, shuttle services, safari and novelty licences and country taxi-cars and private taxis in country areas.

### The Taxi Drivers Licensing Act 2014

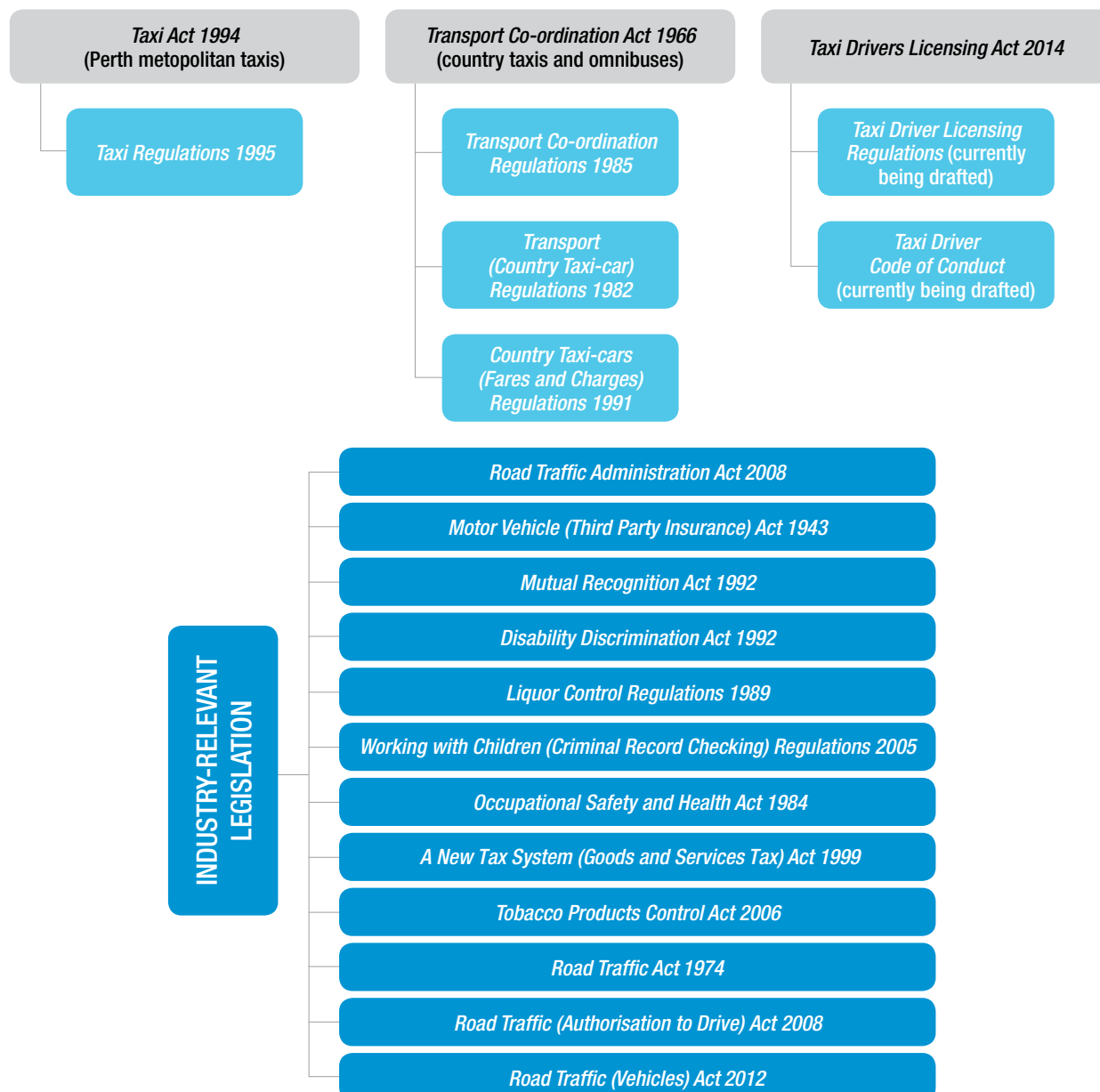
Later this year (2015) the *Taxi Drivers Licensing Act 2014* (TDL) will come into effect creating a more robust legal framework for taxi driver entry and competency requirements. It will also give passengers the confidence that their driver has been suitably screened, trained and authorised to drive a taxi.

This new legislative framework will provide Government with the authority to set strategies for further training and the professional development of fully qualified taxi drivers.

The supporting regulations will govern taxi driver behaviour and include a schedule of offences and penalties. The offence provisions describe disqualification offences, which result in a driver being excluded from the industry, as well as a penalty point system that provides a mechanism for repeat offenders to have their taxi driver licence cancelled and the driver excluded for a prescribed period.

The penalty points system under the TDL will be separate to the demerit point system which operates under the *Road Traffic Act 1974*.

Figure 3.1: Relevant laws licensing on-demand transport in Western Australia



## The Road Traffic (Authorisation to Drive) Act 2008

The *Road Traffic (Authorisation to Drive) Act 2008* regulates the licensing of drivers generally, and authorises the carrying of passengers for reward through 'T' and 'F' licence extensions. A 'T' extension to a licence applies when driving for the purpose of carrying passengers for reward, and an 'F' extension applies when driving for the purpose of carrying passengers for reward, except in a taxi. This Act also prescribes the matters that must be considered in authorising 'T' and 'F' extensions such as the period of time an applicant has held a drivers licence, the minimum age requirement, the applicant being of good character and mentally and physically fit to drive, the requirement for a medical examination, and, in the case of 'T' extension applicants, the successful completion of a relevant training course and test.

There are other laws that are also relevant to the on-demand transport industry. These and the three primary pieces of legislation are shown in Figure 3.1.

## A complex environment

The current arrangement for regulating on-demand transport services under different laws means that there are significant differences in the:

- approval process for licences, vehicles and drivers;
- obligations of licence holders and individuals driving and operating vehicles for hire or reward;
- manner in which services are quantity restricted;
- powers of regulatory authorities; and
- standards that drivers are required to meet.

While regulating different types of vehicles under different pieces of legislation with different compliance regimes may have allowed for flexibility over the years and been relevant for sound logistical reasons (such as service access in metropolitan and regional areas), improvements in technology mean the distinctions are no longer relevant or necessary. It is now far simpler and easier to develop and deploy dispatching systems and there is a blurring of lines between traditional taxi services and services being provided by omnibus vehicles and new market entrants. Vehicles traditionally used for charter-like services

can now easily provide on-demand services. In addition, the industry is indicating that demand for services does not reflect the structure provided for by existing regulation and policy. For example, the exclusion of Mandurah from the definition of the area of operation allowed by metropolitan taxis and some omnibuses does not reflect the inclusion of Mandurah as part of the metropolitan area in the 'mind' of the public and in the joined up Perth and Peel state planning region.

The current environment also limits business innovation. For example, the *Taxi Act 1994* limits the ownership of taxi plates to five; and restricts Government lessees of taxi plates to a single plate lease for an operating taxi driver. This restricts the ability of industry to develop vertically integrated corporate business models, where a single entity is both a taxi plate and a vehicle owner as well as a dispatcher of taxis, which would result in an ability to leverage economies of scale<sup>12</sup>. Such limitations do not exist in either the omnibus sector or, to a lesser extent, for country taxi-car operators.

## Making it simpler

The system for regulating taxis, omnibuses and country taxi cars would be much simpler if all on-demand transport services were regulated by a single Act. This would create equitable licensing standards and fees as well as a consistent role for the regulator, including compliance and enforcement. A uniform regulatory framework could be established where penalties and specific powers and responsibilities of the regulator would be common to all on-demand transport types and apply directly to vehicles, vehicle owners and dispatchers.

This single Act could be a significantly amended and renamed *Taxi Act 1994*, or a new single all-encompassing Act.

Regulating all on-demand transport under a single all-encompassing Act will impact most significantly on holders of omnibus and country taxi-car licences. It would be critical that operators of these vehicles be provided with a clear and simple transition to the new arrangements. Detail of the impact of these changes is outlined in Section 7.

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<sup>12</sup> It should be noted that there is nothing preventing a company from leasing privately owned taxi plates in order to operate a vertically integrated business as described



# SECTION 4

## SERVICE IMPROVEMENT

The primary role of Government in regulating driver and vehicle licensing and on-demand transport service standards is to ensure safe and secure transport is provided for the community. The ERA concluded that Government should ensure quality and safety standards are maintained through regulations specifically designed to achieve the desired outcomes, and that these regulations are enforced<sup>13</sup>. However, there also needs to be scope within the regulations to allow for flexibility and innovation in the development and delivery of services.

Significant service improvements in on-demand transport could be brought about in three key areas:

- Licensing – to ensure patron safety and that industry has the flexibility to deliver improved services.
- Service standards – to enable industry to provide the types of services patrons want without unnecessary red tape, while maintaining passenger and vehicle safety; and
- Price transparency – so that consumers better understand fares, and industry operators can charge according to the standard of service they are delivering.

### Licensing

As consumer expectations of on-demand transport change, so do the services and products the on-demand transport industry wants and needs to provide. Innovation, by its very nature, requires a degree of freedom so that businesses can experiment with new service offerings and adjust quickly to consumer feedback. Transport regulators cannot anticipate these innovations and will be a barrier to change if prescriptive or inflexible laws are in place. Western Australia's current transport regulatory framework is prescriptive and acts as an impediment to innovation in on-demand transport services, even when that service may be considered desirable by consumers.

To provide a more open and flexible environment for on-demand transport providers, a revised outcome-based approach to on-demand transport licensing is described following. This environment

gives industry scope to change their service delivery models to provide services more in keeping with the needs and desires of the Western Australian community.

### Current licensing arrangements

There are currently four basic licensing regimes for on-demand transport vehicles – metropolitan taxis, country taxi-cars, omnibuses and private taxis.

### Metropolitan taxis

The authority to operate a vehicle as a taxi in the Perth Taxi Control Area is called a taxi plate and is issued under the *Taxi Act 1994*. Taxi plates in the Perth Taxi Control Area are either privately owned ('owned plates') or leased from the Government ('leased plates'). Owned plates are generally operated by owner/drivers or are leased to a taxi operator (who may or may not personally drive the taxi). Leased plates are issued to lessees by way of expressions of interest and are advertised and assessed by the Department of Transport. Leases are issued to individual operators for terms of five, eight or 10 years.

There are four principal types of taxi plates that can be owned or leased:

- Conventional – these plates have no restrictions on the hours or areas of operation;
- Peak period – these plates are limited to specific times of operation;
- Area-restricted – these plates are limited to specific areas of operation; and
- Multi-purpose – these plates are issued specifically for taxis that will primarily transport people with a disability and require a wheelchair or other aids.

<sup>13</sup> Economic Regulation Authority 2014, *Inquiry into Microeconomic Reform in Western Australia: Final Report*

**Figure 4.1: Number of owned and Government-leased plates operating in Western Australia (DoT 31 May 2015)**

Plate ownership	Plate type	No. licences
Privately owned – Perth metro	Conventional	984
	Peak period	22
	Area-restricted	15
	Multi-purpose	14
Country taxi-car	Conventional	290
	Peak period	37
	Multi-purpose	16
Government lease – Perth metro	Conventional	681
	Peak period	341
	Area-restricted	50
	Multi-purpose	97
<b>Total</b>		<b>2,547</b>

There are a number of different ways that metropolitan taxi plates are used, ranging from owner-operator arrangements through to more intricate arrangements. At its most complex, the delivery of a taxi service with a metropolitan taxi plate involves five separate entities:

- the **plate holder** leasing their plate to an **operator**;
- the **operator**;
  - attaching that plate to a vehicle to operate the vehicle as a taxi;
  - paying a set fee to a **taxi dispatch service** to connect the **taxi driver** with prospective passengers; and
  - leasing the taxi to a **taxi driver** (a practice known as ‘shift leasing’);
- the **taxi dispatch service** dispatching a request for a taxi to the **taxi driver**;
- the **taxi driver** charging the patron the metered fare for the taxi journey; and
- a **payment terminal provider**:
  - processing the patron’s payment on behalf of the **taxi driver**; and
  - charging the patron for processing the payment.

## Country taxi-cars

The authority to operate a vehicle as a taxi outside the Perth Taxi Control Area is called a country taxi-car licence and is issued under Section 47ZD of the *Transport Co-ordination Act 1966*. Country taxi-car licences restrict the operation of a country taxi-car to a specific area.

Country taxi-car licences are generally issued based on the recommendations of Country Taxi Reviews. These reviews are undertaken on a three yearly basis or at the request of an interested party if there is concern that demand for taxi services are not being met. Once issued, country taxi-car licences are renewed annually and are transferable.

Country taxi-car licences are issued in-perpetuity providing the required annual licence fee is paid. Licensees can only lose their right to operate a vehicle as a taxi if:

- they are deemed to be not fit and proper to operate a taxi-car;
- the vehicle to which the country taxi-car licence is attached is not licensed under the *Road Traffic Act* or does not comply with the requirements of the Act or regulations;
- the taxi-car to which the licence relates is not being operated at all, or is being operated in manner that is not in the public interest;
- the conditions attached to the taxi-car licence have been contravened or have not been observed; or
- they fail to renew the country taxi-car licence.

Although quantity restrictions on country taxi-cars exist, there are no legislated limitations on the type of person who may hold a licence (e.g. licences are not limited to taxi drivers) or the number of licences a person may hold. This means that there are fewer restrictions on the types of business models that can be used by country operators. As a result, there is a greater variety, including cooperative arrangements, where multiple licences cooperate in the provision of taxi dispatching services; owner-driver arrangements; and vertically integrated models (where the country taxi-car licence holder operates their vehicles and provides dispatching services).

## Omnibuses

The term 'omnibus' is used to describe all other vehicles operating for hire and reward that are not taxis. The authority to operate an omnibus is issued under Part III of the *Transport Co-ordination Act 1966*. Licences are issued subject to conditions that can include:

- restrictions on the type of vehicle that may be used (e.g. vehicle age or number of seats);
- limitations on where the vehicle may operate (e.g. a small charter vehicle is only licensed to operate in the Perth Taxi Control Area);
- restrictions on the minimum charges that may be imposed;
- records relating to the use of the vehicle that must be kept; and
- requirements to have vehicle maintenance plans and fatigue management plans.

Certain types of omnibus licences, particularly those that relate to regular passenger transport or shuttle services, may also include timetables and designated pick-up and drop-off points as part of the licence.

Omnibus licences can be issued for a period up to seven years however, as a matter of administrative practice, they are issued for 12 months. Unlike a country taxi-car licence, omnibus licences are not automatically renewable but, rather, require a new application when they expire. However, as a matter of practice, the Department of Transport administers expiring licences as a renewal-type process.

## Private taxis

Private taxis are usually luxury passenger cars that are capable of carrying fewer than 12 passengers. They are licensed under the *Transport Co-ordination Act 1966* and must be used solely for charter with journeys commencing outside the Perth metropolitan area. They perform a similar function to small charter vehicles outside the Perth Taxi Control Area. Private taxis cannot operate from taxi ranks or 'ply for hire' on roads or other public places for the purpose of hire. Unlike small charter vehicles, private taxis are required to be driven by holders of a 'T' extension. Some private taxis are dual licensed as small charter vehicles to allow them to operate throughout the State.

**Figure 4.2: Category and number of omnibus licences operating in Western Australia (DoT 31 May 2015)**

Omnibus licence category	Licences
Novelty - motorcycle	18
Regional omnibus licence	1
Regular passenger transport	235
Safari tour and charter	53
Shuttle service	77
Small charter vehicle	799
Small charter vehicle – dual licenced private taxi	91
Private taxi	166
Tour and charter	1,686
Tour and charter and regular passenger transport	1,500
Tour and charter wheelchair accessible	7
Tourism tour	30

## Limitations of the current model

Under the legislation for taxis and taxi-like vehicles there are currently 23 different licence types in Western Australia (refer Appendix A). Some licences apply to taxis in the Perth Taxi Control Area; some apply to country taxi-cars outside the Perth Taxi Control Area; and others apply to charter and other vehicles state-wide, while some licence types are redundant. All the licence types are specifically defined and have conditions that may restrict seating capacity, areas of operation, times of operation and operating routes, resulting in complex and inflexible licensing arrangements which do not readily accommodate new or innovative services. The current delineation between licence types also formalises market segmentation restricting competition, choice and improved fleet utilisation.

## A more flexible licensing model

The proposed licensing model aims to simplify the current system and provide a more level playing field across the on-demand transport sector. It gives full recognition to existing owned and leased taxi plates, and these types of plates would continue to exist under the proposed model. Country taxi-car licensees would be protected by converting licences to an owned taxi plate (as exists for metropolitan plate owners).

A new annual licensing regime would be created to cover all other types of on-demand vehicles. The annual licence would be based on a 'class of service' or 'activity type' as the primary means of authorising vehicles to operate for hire or reward, and would work in parallel with the existing system of owned and leased plates. The proposed categories of licence would reflect an

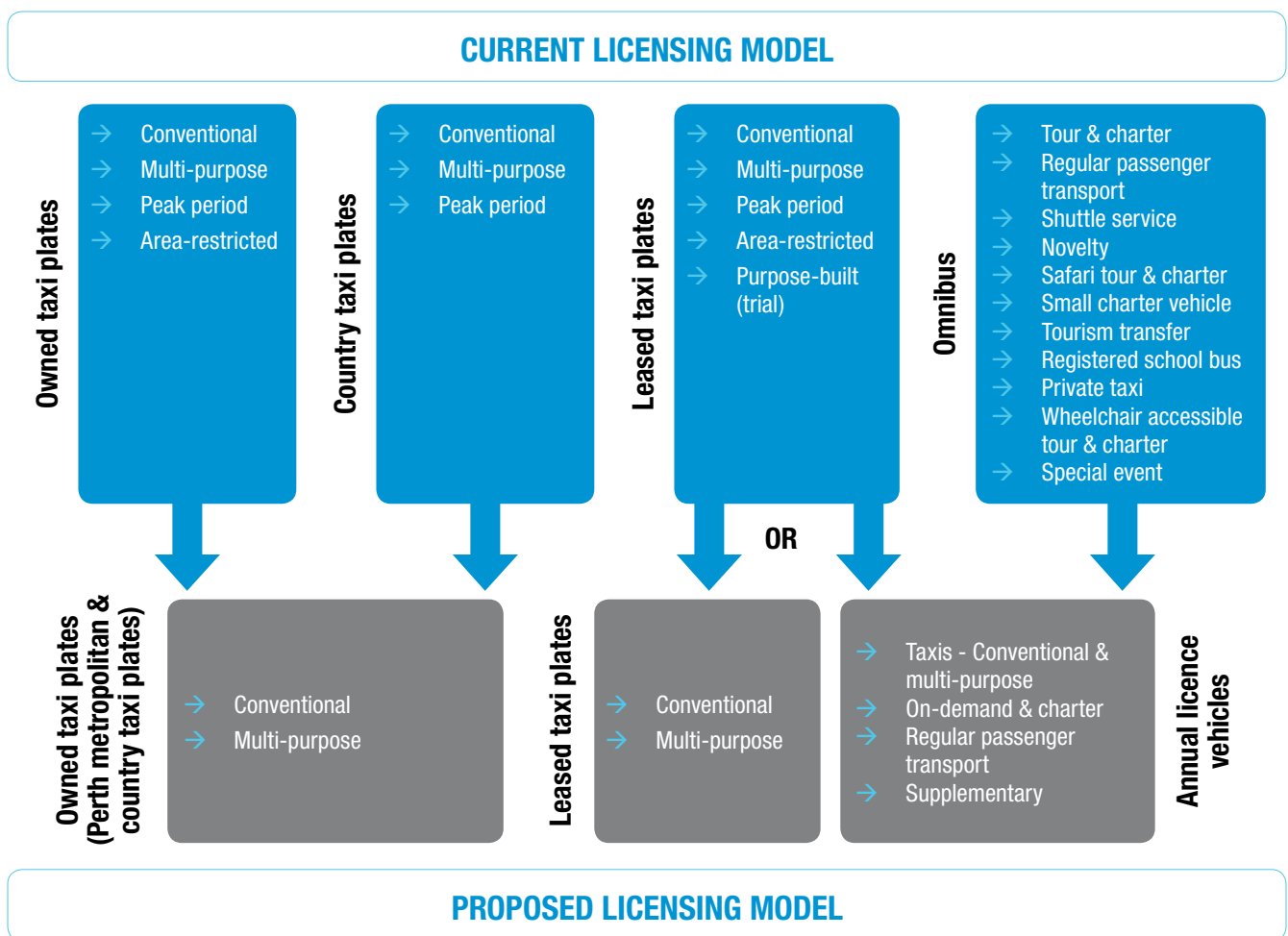
assessment of risk associated with the activity and the licence conditions and standards would be set to safeguard patrons. Those vehicles licenced to operate in market segments considered to be higher risk could also operate in lower risk segments but the same would not apply in reverse.

Figure 4.3 shows the current licensing regime for on-demand transport in Western Australia and how this would transition to the proposed licensing framework.

The following commentary describes elements of the proposed licensing model and how they would operate.

**Owned taxi plates** are held in-perpetuity, a taxi plate holder is not required to be the owner of the vehicle, and plate ownership can be transferred. The existing plate conditions, outlining vehicle and other standards, would be moved into regulation.

Figure 4.3





**Leased taxi plates** are leased for periods of generally five, eight or 10 years where a taxi plate holder is required to be the principal vehicle driver and other drivers may drive the vehicle. The existing plate conditions would be moved into regulation. Once existing leases have expired, the leasing process could be phased out in favour of an annual taxi licence (a type of Annual Licence Vehicle as described below).

**Annual licence vehicles (ALV)** is a licence that is held in-perpetuity and is renewed annually. The licence type reflects the activity of the vehicle and an annual licence fee is payable. The licence would apply to the vehicle being used to deliver the service and licence conditions would be prescribed in regulation.

Licences would be available as of right, in that any person with a vehicle that meets the required standards would be eligible to apply for, and receive a licence. The licences would be issued in-perpetuity, in that the licensee would only lose the right to hold a licence if they failed to meet a statutory obligation (e.g. failed to pay the licence fee, the licenced vehicle ceased to meet required standards or the licensee ceased to be considered a fit and proper person).

For the purpose of this Green Paper, four categories of ALV have been defined. It is acknowledged that future industry and community consultation may identify a need for greater or fewer categories.

The four categories are:

1. **Taxis** – this would include a **conventional taxi ALV** and a **multi-purpose taxi ALV** that would allow these taxis to operate in the Perth metropolitan area or in regional areas. This licence would allow for metered or pre-agreed fares, ‘rank and hail’ (including e-hail) and pre-booked trips. It is anticipated that peak period, area-restricted, seasonal, substitute and private taxi plates would no longer be required and would be subsumed into one of these two annual licence types. Restrictions on vehicle licence operating hours would be removed.

2. **On-demand** – in this category a vehicle must be booked and the fare quoted at the time of requesting or booking the service. This category would include an **on-demand vehicle ALV** that allows for all forms of work, other than physical ‘rank and hail’, and a **charter ALV** that could only do fixed charter work (such as tours and special events). The purpose of the charter ALV sub-category is to provide an option for individuals operating in a lower-risk environment (where there is greater opportunity to vet prospective hirers) and who want to provide a specialised tailored service. Nothing would prevent an on-demand vehicle from doing charter-type work.
3. **Regular passenger transport** – the **regular passenger transport ALV** is defined by a fixed service route. Regular passenger transport and shuttle buses would be licensed in this category.
4. **Supplementary** – the **supplementary ALV** would be a licence type issued at the discretion of the Director General of the Department of Transport for the purpose of trialling a new vehicle or service type or for extraordinary special events where demand is likely to outstrip supply in the short term. A supplementary ALV would only be issued where the Director General is of the view that it is impractical or impossible to use an existing licence category. Licences would be limited to a maximum duration of 12 months and the Director General would be free to apply any restrictions or requirements deemed appropriate for the service to be provided.

There are some transport services not currently regulated by the Department of Transport. These include day-care buses, courtesy services and funeral cars (not hearses). Vehicles used to provide these services are not subject to the same regulatory oversight as taxis, small charter vehicles and tour and charter vehicles, such as maintenance of vehicle standards.



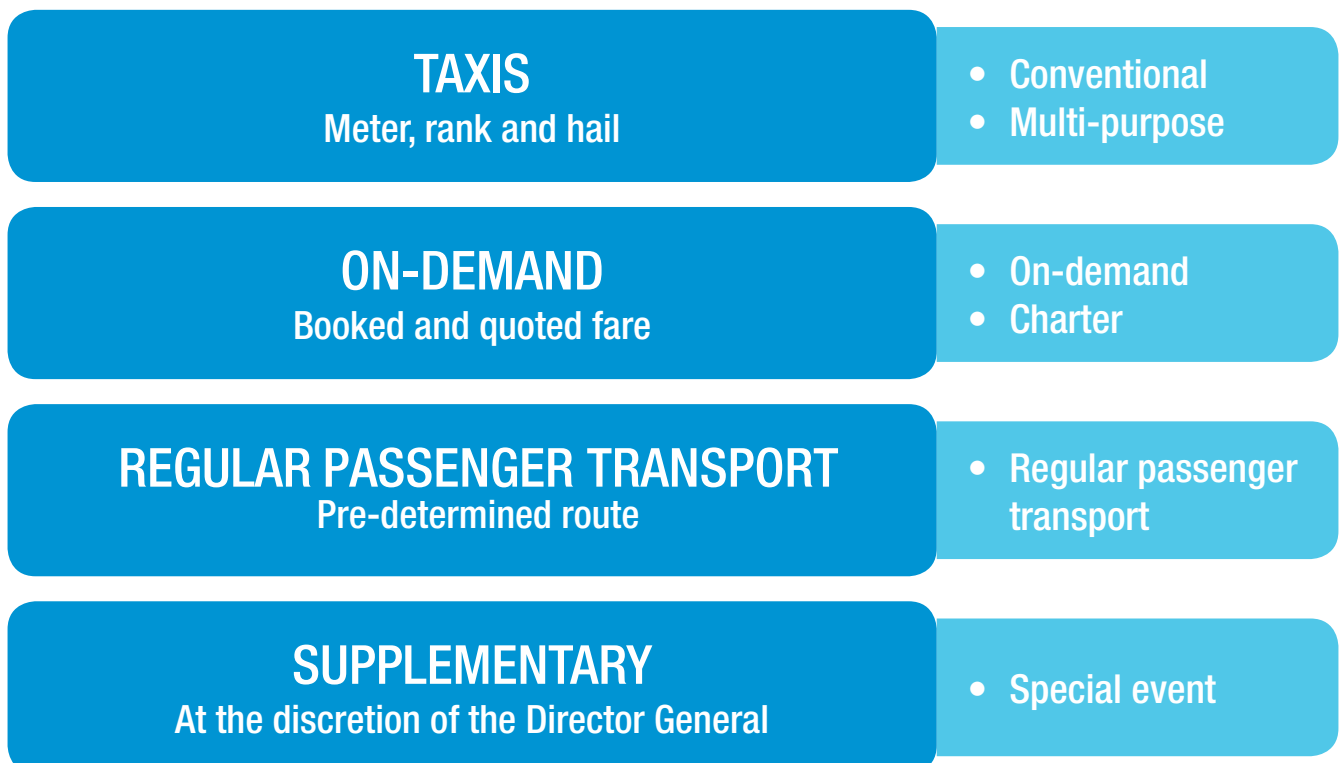
### Licence fees

At present, there is a significant difference in the costs associated with metropolitan-owned and leased taxi plates, and the costs associated with omnibuses and country taxi-cars. A Government-leased conventional taxi plate affixed to a typical sedan costs \$13,210 per annum (including the annual administration fee), while the current administration fee for a country taxi-car is only \$210. Small charter vehicle licences are based on the number of passenger seats and range from \$42 per annum for one seat to \$425 per annum for 60+ seats. Continuing this price structure into the future will place metropolitan taxis at a significant cost disadvantage in comparison to competing services.

Further complicating the pricing of licences is the fact that some individuals have incurred significant costs in the purchase of taxi-plates, and the taxi-plate owner remains subject to ongoing administration fees.

For the on-demand transport industry to provide high-quality and cost effective services to the community, it is critical that Government fees and charges do not create unreasonable barriers to entry and are as low as possible. The community will benefit more from an industry that reduces prices to consumers (less expensive services) or invests in higher quality rolling stock (safer and better quality services).

Figure 4.4: Proposed ALV types



In keeping with common practice, licence fees should be set at the cost of regulation. This would include the cost of administration, compliance and support services provided to industry. It is acknowledged, however, that there will be areas of Western Australia where there is 'market failure' – where the private sector is not able to provide the required types of transport to meet the unfilled demand. Consideration could be given to subsidising the provision of transport in areas of market failure and to support provision of access for people with disabilities.

A more equitable fee structure based on cost recovery is likely to result in a significant decrease in lease fees for metropolitan taxis. This is due to current lease fees far exceeding the cost of regulating taxi plates. The flipside is that some existing omnibus licence holders may experience an increase in licence fees. Such an increase would bring omnibus fees in line with administrative costs that are not being met at the current fee levels.

In recognition of the investment owners of taxi plates have made in the industry, it is proposed that they are not subject to any ongoing fees or charges, or that these fees be waived for an extended period (i.e. 15-20 years).

To minimise the cost of regulation, the role of the regulator should be rationalised to ensure charges reflect only those regulatory interventions that provide direct and justifiable benefit to the community.

### Quantity regulation

There has been considerable and ongoing debate about the removal of quantity restrictions in the taxi sector for some time. The RAC<sup>14</sup> recommended removing all quantity restrictions on the taxi industry in Western Australia in a single stage including restrictions placed on the number of plates that can be owned or operated. The removal of quantity restrictions was also recommended by the ERA which identified that:

*“in practical terms, removing restrictions on the number of taxis will mean that: there are more taxis available, with shorter waiting times and more reliable services; cheaper fares; and more innovative and competitive services (such as alternative ways of booking and paying for taxis). Opponents of deregulation of the taxi*

*industry argue that many of the jurisdictions that have removed supply restrictions experienced a decline in the quality and safety of taxi services. The ERA report notes regulations restricting the number of taxis are not designed to achieve quality and safety standards”<sup>15</sup>.*

Currently, quantity restrictions only exist for taxi vehicles. Licences for all other hire/reward vehicles are available on request. Non-taxi vehicle types, such as on-demand and charter vehicle licences, should remain without quantity restrictions.

For taxis, there are two options for removing quantity restrictions:

1. Retain the concept of relevant percentage for the Perth Taxi Control Area but adjust the percentage slowly and over time. Any annual taxi licences issued would be considered part of the relevant percentage. A similar relevant percentage arrangement could be used for any other prescribed control areas (currently country areas or as proposed 'Regional Areas').
2. Remove quantity restrictions on all licence types including taxis and allow businesses to select the type of services they want to provide.

### Corporatisation and co-opertisation of taxi plates

In a more open and competitive environment, opportunities exist for owners of taxi plates to use their asset. These include:

- removing the requirement for owned taxi plates to be subject to ongoing administration or regulatory fees for the plate itself; and
- removing restrictions on the number of plates an entity can hold, to allow plate owners to better leverage economies of scale.

Such opportunities can be leveraged in a corporatised or co-operative environment.

<sup>14</sup> Economic Alternatives Pty, Ltd. *Royal Automobile Club Review of Aspects of the Taxi Industry in Perth and Western Australia*, October 2014

<sup>15</sup> Economic Regulation Authority 2014, *Inquiry into Microeconomic Reform in Western Australia: Final Report* p17



With no limits on plate ownership, businesses can purchase large numbers of plates in order to operate vertically integrated taxi services by leveraging economies of scale to provide higher quality vehicles at more affordable prices. Corporately owned taxi plates held in conjunction with other licence types would allow a business to provide a broad spectrum of on-demand transport services and easily adapt those services to changing consumer demand.

Care will need to be taken to ensure that corporations do not exercise undue market influence or form monopolies (or other imperfect forms of competition).

There are also many taxi plates owned by operator-drivers – individuals who have purchased their plate with the intention of operating that plate themselves. In a more competitive environment, these people may also wish to leverage economies of scale by creating co-operative ventures. This would allow small businesses to build resilience and be competitive with larger organisations.

A future opportunity could be to allow an owner of taxi plates that is operating in a corporatised or co-operative environment to be entitled to an additional licence(s) without additional licence fees. This would allow the plate owner to operate multiple licensed vehicles for each taxi plate owned (e.g. 1.5 vehicles for each plate owned).

### Owned taxi plates

One of the reform objectives is to facilitate an environment where the value of an owned taxi plate is determined by the value of the business. This, in turn, is determined by the quality of that business's customer proposition rather than the scarcity of plate supply or the constraints of government regulation.

The challenge lies in how owned plates can be transitioned to an environment where quantity restriction is gradually removed and how this can be achieved while recognising that individuals have purchased taxi plates in good faith.



Options for transitioning owned plates include:

- waiving fees and charges either permanently, or for an extended period of 15 to 20 years;
- allowing an owner of taxi plates operating in a corporatised or co-operative environment to be entitled to an additional taxi plate licence(s);
- additional licenses for owned taxi plates not being subject to administration fees either permanently or for an extended period of 15 to 20 years; or
- a transition period (i.e. five years) where any additional leased taxi plates are made available exclusively to holders of privately owned taxi plates.

## Improving service standards

### Licence conditions

Licence conditions would be prescribed in regulation rather than imposed on a plate-by-plate basis. In general, licence conditions would be less prescriptive and would not define the seating or luggage capacity requirements.

However, licence conditions will define minimum vehicle safety standards, such as vehicle age, to ensure driver and passenger safety. The vehicle age limit for taxis in Western Australia is eight years which is higher than elsewhere in Australia where the vehicle age limit for taxis is five years. Vehicle age limits for on-demand vehicles (other than for vintage charter vehicles) could be brought inline across Australia and set as five years in Western Australia, or could remain at eight years with the discretion of the service provider to have younger vehicles as part of a higher standard business model. Alternatively, there could be a requirement to maintain and service vehicles to manufacturers' specifications through an accredited mechanic and evidenced through the provision of appropriate certification.

Any vehicle licenced under the proposed licensing model will be required to be easily identifiable. This could take the form of a specially issued licence plate for the vehicle, however, other options using more contemporary technology could also be considered. This will provide customers with the confidence that the vehicle is appropriately licenced and subject to vehicle standards.

## Driver training and licensing

Driver standards including the requirement for a driver and:

- limitations as to who may drive the vehicle (this addresses circumstances where it is considered desirable that only the owner of a vehicle, or the licensee may drive the vehicle for reward); and
- the qualifications of the driver (this may be referenced in an amended *Taxi Drivers Licensing Act 2014* or a separate Act governing on-demand transport drivers).

Paramount in maintaining passenger safety is that the driver is a safe driver; qualified, knowledgeable, and a fit and proper person of good character.

Current requirements to obtain a 'T' licence extension as a Perth metropolitan taxi driver and under the proposed *Taxi Drivers Licensing Act 2014* include:

- aptitude testing (speaking, listening, reading, writing, map reading and math skills);
- successful completion of the driver training course (use of taxi communications systems, driving a taxi, managing financial transactions, safety and security procedures, customer service and code of conduct);
- a police clearance;
- a medical assessment; and
- on-road and written testing.

Additionally, a wheelchair accessible MPT driver must also complete a unit in providing wheelchair accessible taxi services to passengers with disabilities, and an introduction with a MPT coordinator and mentoring sessions.

Under the proposed model, the minimum standards of background checking and training/testing for drivers should be uniform for all on-demand drivers across Western Australia. Individual businesses should set their own standards and training regimes about the minimum requirements. Further discussion on driver licensing is included in Section 5.

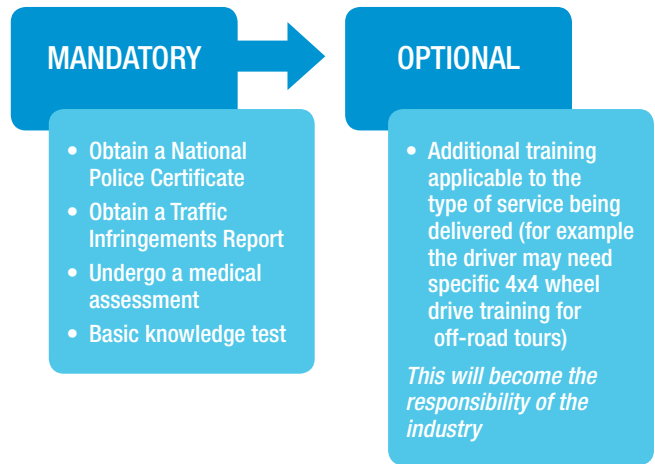
The ERA concluded that standards for taxi vehicles and driver aptitude and behaviour have a net benefit on service provision<sup>16</sup>.

<sup>16</sup> Economic Regulation Authority 2014, *Inquiry into Microeconomic Reform in Western Australia: Final Report* p16





**Figure 4.5: Proposed licence requirements to obtain a licence document**



The *Disability Discrimination Act 1992* (DDA) aims to eliminate, as far as possible, discrimination against people with disabilities and to promote the principle that people with disabilities have the same fundamental rights as the rest of the community. Transport providers have an obligation to provide accessible transport to people with disabilities. The *Disability Standards for Accessible Public Transport 2002* (the DSAPT Standards) aim to enable public transport operators and providers to remove discrimination. This requires transport service providers' response times for accessible vehicles to be the same as for other taxis, including 'dial-a-ride' type services.

The Department of Transport has been committed to improving transport services provided to taxi patrons travelling in wheelchairs or mobility scooters. However, with more than 110 multi-purpose taxis (MPTs) operating within the Perth Taxi Control Area and less than 40 MPT vehicles operating in regional Western Australia, the standard of service is still well below conventional taxi service levels. On average, only 60 per cent of MPT service requests are delivered within the target wait times compared with 91 per cent for conventional taxi services.

The National Disability Services (*NDS WA*) *State Budget Priorities 2015-16* pre-budget submission highlights that "There is concern that there has been little progress in making more accessible taxis available in Perth over the past 12 months and this remains a critical issue for people with disability. As a result of this lack of progress and the taxi industry's frequent failures, people with disability have lost confidence in the industry's ability to provide them with a level of service in any way comparable to that received by the rest of the population"<sup>17</sup>.

### Services for people with disabilities

The on-demand transport industry has a very important role to play in meeting the transport needs of a broad range of people, including people with disabilities, the elderly, families with babies and social groups. The ability to access public transport, including on-demand transport, is essential for people with special needs to help them to be part of the community, attend work and travel to appointments.

The Wheelchair Accessible Taxi Service Workshop conducted by the Taxi Industry Board (not currently convened) in August 2012 also highlighted significant stakeholder concerns with accessibility to taxi services for people with a disability. The workshop identified service improvements were required including:

- prompt pick up/guaranteed service;
- better driver training/respect for person with a disability by driver;
- universal access/more accessible taxis;
- a better booking system;
- improved communication between the taxi industry and a person with a disability
- greater rewards for drivers for providing good service to people with a disability;
- an improved subsidy scheme;
- a dedicated wheelchair service; and
- the same service benchmarks for people with a disability as for standard taxi services.<sup>18</sup>

Over the years, a number of policy initiatives have endeavoured to improve MPT services, including lifting subsidies (paying drivers to carry wheelchair passengers and vehicle modification grants). More recently, the emphasis has been on reviewing the role and operational scope of MPT Coordinators (taxi dispatch service providers tasked with responsibility for coordinating MPT vehicles); initiating alternative wheelchair accessible vehicle trials; and engaging with disability service organisations to consider opportunities for other sectors to deliver accessible services.

A significant challenge in considering broader transport options for wheelchair patrons is the allocated space requirements for accessible taxis which are defined by the DSAPT Standards. The Australian Standards differ from those in other countries such as the United Kingdom. This is particularly true with reference to the allocated space or 'travel cube' defined in the DSAPT, which is significantly greater than in other jurisdictions. For this reason, vehicle manufacturers such as the London Taxi Company (TX4 taxi) and Mercedes

(Vito taxi) have been building taxi vehicles that comply with disability access requirements in higher volume markets, but fall short of the Australian Standards. The Department's current London Taxi Trial is exploring alternative transport options for wheelchair patrons.

Even with these initiatives and incentives, the waiting times for MPT services still need to be improved to ensure that a person who requires the use of an MPT can expect that the taxi will be provided and will be on time.

## Improving pricing transparency

### On-demand transport fares

The traditional taxi calculates fares based primarily on time and distance using a fare schedule and taximeter. While a fare schedule gives patrons information about how a fare is calculated, many taximeters are limited in that they do not fully implement all charges and they fail to provide the patron with detailed information as to how their fare was calculated. In many cases, these meters allow drivers to manually add extras (e.g. tolls and airport fees), which can lead to disputes with passengers. Newer entrants use cloud or smartphone-based algorithms interfaced with GPS and mapping systems to calculate a fare and generally provide their patrons with more information about the journey.

For the purpose of this Green Paper both the traditional taximeter and newer methods of calculating a fare based on time and distance are considered metered fares.

Where transport is provided by a taxi using 'rank and hail', metered fares are a widely accepted option that provides fare transparency and clarity. The Department of Transport would retain regulatory authority over maximum fares for the short-to-medium term to protect consumers and support pricing transparency.

Fares for 'non-rank and hail' services such as booked taxis and on-demand and charter vehicles would be quoted at the time of booking, and payment secured prior to undertaking travel. This would allow patrons to seek and purchase the best available fare and be reassured that this fare would not change.

<sup>17</sup> October 2014, National Disability Services WA 2015-16 pre-budget submission, prepared for the Government of Western Australia <http://www.nds.org.au/publications/page/1?s=WA&c=&e=113>. p 82

<sup>18</sup> Taxi Industry Board, *A Conversation about Perth's Wheelchair Accessible Taxi Service*, A report on a forum held in August 2012





Pre-agreed and secured fares would circumvent a number of ongoing problems for the industry, including the following:

- Patron uncertainty. Where payment is secured at the point of booking, dispatchers may be motivated to provide a directed, confirmed service and shift away from the 'best endeavour' model used by most taxi dispatchers and new market entrants.
- Escalation of anger between the patron and driver. A key issue that causes contention and wariness between patrons and drivers is the cost of a trip. Abuse and violence between drivers and patrons is often triggered by a trip fare that is higher than expected, or passengers seeing the taxi meter continue to 'tick-over' whilst stopped for long periods unaware that fares are based on distance and time.
- Disputes over the selected route. Such disputes may reduce as patrons would no longer pay more when a driver, whether through inexperience or dishonesty, takes the passenger the 'long way'. Drivers would also be motivated to ensure they take the most efficient route to minimise the costs associated with the fare as the remuneration is fixed in advance.
- Fare evasion at the end of the journey.
- The payment of set rank fees for a shift irrespective of the number of jobs a driver is able to secure.

Under the current regulations, small charter vehicles must charge a fee for service not less than \$60 per hour (\$85 per hour for vehicles carrying more than five passengers). This arrangement was put in place to protect the taxi sector. The ERA<sup>19</sup> found that caps on maximum fares appear to be necessary when there is a restriction on the number of taxis operating to prevent the abuse of market power. The need for caps on fares would diminish if restrictions on the number of taxis were removed.

It is proposed that, where practical (and with the exception of 'rank and hail'), the regulator would allow on-demand transport providers to set and administer fares themselves and would move away from regulating fares in a way that partitioned segments of the market. This would encourage the provision of greater choice and facilitate product differentiation based on cost and quality.

### Industry fees

Current practice in the taxi sector is that vehicle owners affiliate with a taxi dispatch service to which they pay rank fees. Through the affiliation, the dispatch service approves drivers to operate on their network and provides the vehicle owner and driver with work. The vehicle operates under the established livery or umbrella of the dispatch service, which also provides a conduit for data and information exchange with the Department of Transport.

Where a vehicle operator leases their taxi vehicle to a driver, the driver pays a shift lease fee, a component of which includes the dispatch service rank fee for that shift.

The authors of the RAC<sup>20</sup> and ERA<sup>21</sup> reports recommend that the current requirement for mandatory affiliation with a taxi dispatch service be removed. This would open the possibility of operators and drivers affiliating with multiple dispatchers and help to promote greater choice in dispatching services.

Multi-affiliation has the potential to provide better outcomes for operators, consumers and drivers. For example, multi-affiliation will encourage dispatchers to provide their services under a "fee for booking" arrangement. This would reduce the fixed costs of operating a vehicle, and encourage dispatchers to actively source work for drivers.

Multi-affiliation would also reduce the barrier to entry for new dispatchers, creating a more competitive market that may improve service outcomes and options for consumers.

Where multi-affiliation may cause issues is when a particular dispatcher wishes to provide a directed or guaranteed service for consumers. The ability to guarantee service will be compromised if operators and drivers are free to accept work from other services. There will be a need to ensure that promoting competition in the area of vehicle dispatching does not restrict the ability of industry to provide guaranteed services; and that the concept of guaranteed service is not used as a mechanism to prevent competition.

Under the *Taxi Act 1994* there does not appear to be any specific impediment to multiple affiliation, although there are a number of administrative matters, such as vehicle livery, vehicle tracking and complaint handling issues that need to be considered.

<sup>20</sup> Economic Alternatives Pty, Ltd. *Royal Automobile Club Review of Aspects of the Taxi Industry in Perth and Western Australia*, October 2014

<sup>21</sup> Economic Regulation Authority 2014, *Inquiry into Microeconomic Reform in Western Australia: Final Report*

<sup>19</sup> Economic Regulation Authority 2014, *Inquiry into Microeconomic Reform in Western Australia: Final Report*



# SECTION 5

## ACHIEVING ACCOUNTABILITY

Most industries are regulated in one way or another. Food businesses will be governed by various health standards, whilst retailers will be regulated by a range of laws including Australian consumer law. By and large, these regulations are designed to ensure that industries operate in a safe manner (i.e. do not pose a risk to people or the environment) and maintain honesty and transparency wherever possible.

For example, in the restaurant industry, various regulations relating to health and hygiene provide consumers with reasonable confidence that a licenced restaurant will serve food that is safe to eat. Consumer protection legislation also provides protection against dishonest pricing practices. It is important to note that restaurants are not subject to specific regulations dictating how restaurant staff should dress (with the exception of health and safety requirements for staff working in a kitchen), whether or not a restaurant has a uniform, minimum or maximum charges for a specific dish, or the level of courtesy and service provided

by a restaurant. These matters are all left for the individual business to manage itself, and the consequences of poor performance may be that consumers elect to use rival restaurants.

The regulation of on-demand transport is quite different and varies across the State and between individual sectors. At one end of the spectrum, there are regular passenger transport vehicles which are subject to 'light touch' regulation only. At the other end is the metropolitan taxi sector, where regulation is far more prescriptive. In addition to rules relating to vehicle and driver safety, there





are regulations governing a range of issues including driver uniforms, vehicle cleanliness, security equipment and common courtesy.

There are two significant consequences of this overly prescriptive regulatory environment. First, the taxi industry has become too dependent on the regulator and, rather than respond proactively to changing market conditions, it has a tendency to turn to Government for strategic direction. For example, in an environment where demand is decreasing, the taxi industry is more likely to expect Government to restrict the number of hours certain taxis can lawfully operate rather than actively work to increase demand or implement initiatives to better manage the available rolling stock.

Secondly, the taxi industry has a tendency to avoid taking responsibility for the services it provides. The most familiar example, and one that causes immense frustration for patrons, is a taxi dispatch service not taking accountability for bookings. This is a result of the 'best endeavour' model that has evolved in the industry and is one that the taxi industry generally elects to use.

Other examples of taxi operators and dispatchers not taking accountability (which may vary between different taxi businesses) include:

- not taking steps to ensure the general cleanliness and quality of vehicles dispatched;
- inadequate or non-existent procedures for reducing the risk of an unaccredited driver working as a taxi driver;
- ensuring taxi meter equipment provides consumers with transparent information about the journey and the charges incurred during that journey;
- ensuring that drivers receive payment for completed journeys; and
- ensuring that the driver is safe from the passenger and the passenger safe from the driver.

Other sectors of the on-demand transport industry take a different approach, with some service areas including tourism and special events (weddings, formal balls etc) going to considerable effort to ensure that jobs are fulfilled, drivers and vehicles are well-presented and that vehicles are not double booked.

What is becoming apparent is that there is a tendency for transport services that provide more immediate or ad-hoc services to take less

accountability for those services. Some recent entrants into the Western Australian market go to considerable lengths to disclaim responsibility for service provision, with terms and conditions that include:

*... under no circumstance accepts liability in connection with and/or arising from the transportation services provided by the Transportation Provider or any acts, actions, behaviour, conduct, and/or negligence on the part of the Transportation Provider. Any complaints about the transportation services provided by the Transportation Provider should therefore be submitted to the Transportation Provider.*

This demonstrates a shifting of responsibility for all aspects of service provision to the driver which is similar to how the on-demand transport industry currently operates, and particularly the taxi sector, where there is a lack of accountability for services.

To provide the best possible outcomes for both the industry and consumers, it is important that the regulatory environment encourages businesses to take responsibility for their services, and be held accountable for those services.

## What should industry be accountable for?

There are a range of activities for which consumers and industry would expect on-demand transport providers to be accountable. Some of these activities are issues that should be accountable at law (in other words a regulator should take action), while others are issues that are better managed through competitive and commercial pressures. For the purpose of this Green Paper, activities that should require either the intervention of a regulator, or to be codified in law, will be described as 'regulatory failures' while activities that do not will be described as 'commercial failures'.

Regulatory failures should focus on those actions/inactions that can have a negative impact on either the safety of the consumer, driver, or wider public; or have the potential to undermine public confidence in the wider on-demand transport industry in Western Australia. These types of issues could include that:

- the on-demand vehicle is properly licenced, insured, maintained in accordance with the manufacturer's specifications, and be roadworthy;

- the on-demand driver is properly accredited and has been subject to appropriate background checks for suitability; and that the driver's authority to drive is valid;
- the driver and passenger do not present a risk to each other (i.e. the driver is not at risk of harm from the patron and the patron is not at risk of harm from the driver);
- the driver is properly compensated for carrying a patron;
- fees and charges are transparent; and
- appropriate records are kept to validate and demonstrate that the relevant and applicable accountabilities are being managed.

Commercial failures should be the responsibility of individual businesses. Typical issues that should be handled at a business level include the:

- general quality of vehicle and driver presentation;
- general quality of service provided by the dispatcher;
- general quality of service provided by the driver;
- timeliness of services; and
- relative value for money provided by a particular on-demand transport provider.

## Who should be accountable?

To create an accountability framework it is necessary to consider the likely roles and activities involved in providing an on-demand transport service. While individual business models will vary, there are generally four key roles in the provision of on-demand transport services. These are:

1. The **dispatcher** – an entity that connects a prospective patron with a vehicle and/or driver. Typical examples include taxi dispatch services, regional taxi companies, charter vehicle companies and third party technology providers (e.g. smartphone apps for booking vehicles). Dispatching should be defined in terms of the activity of dispatching and the accountabilities of dispatching should apply irrespective of whether the dispatcher is registered in any way. Therefore, the legal

requirements of a dispatcher are automatically conferred on a dispatcher by virtue of them carrying out a specific activity. In some circumstances there may be more than one dispatcher involved in providing a vehicle.

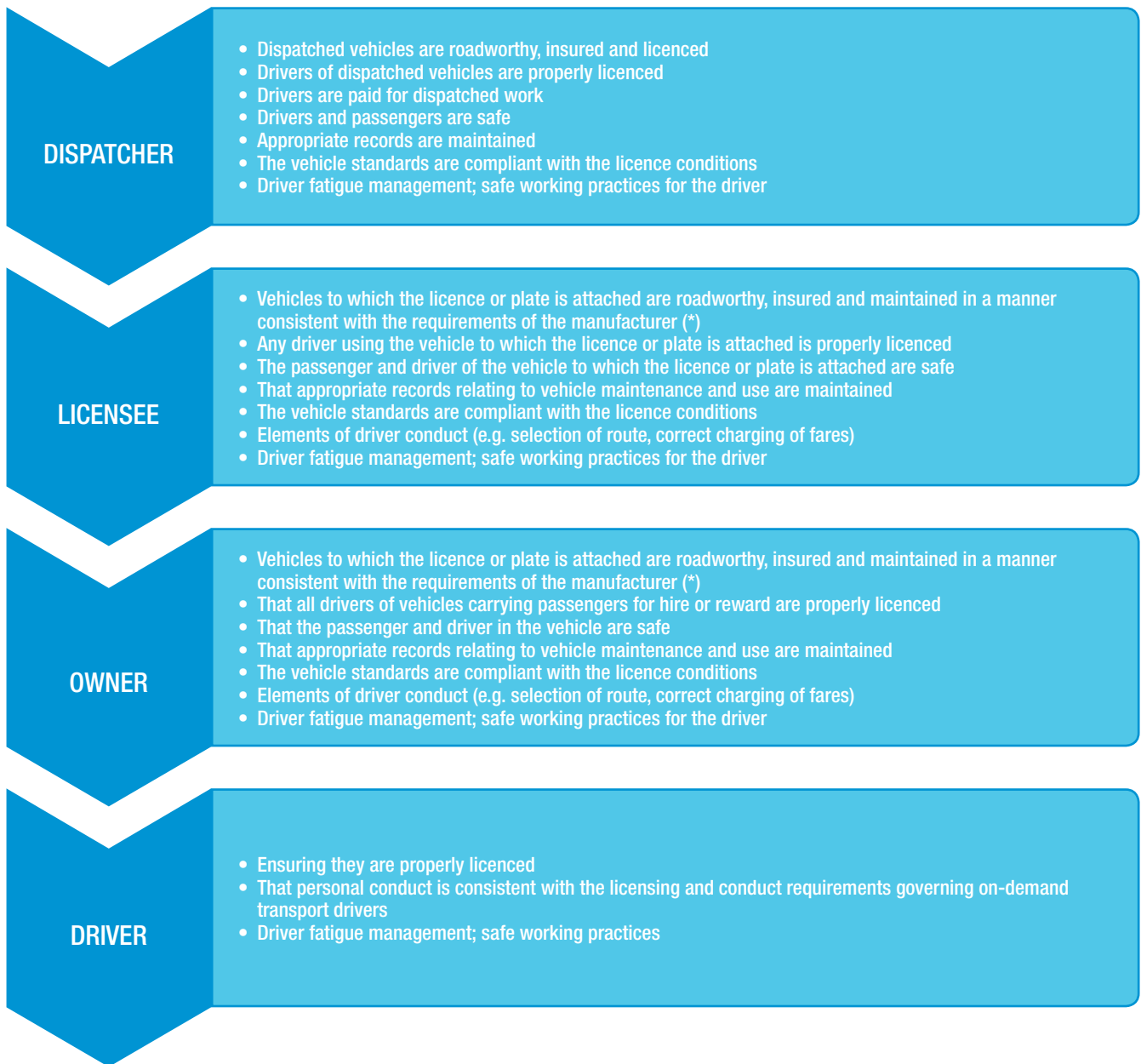
2. The **licensee** – the entity that holds the licence or taxi plate that permits the vehicle to carry passengers for hire or reward. This would include owned taxi plates, as well as various on-demand transport or taxi licences as discussed in Section 4. The licensee should be accountable for the services rendered using the vehicle authorised by the licensee's licence.
3. The **owner** – the entity that owns the vehicle being used to carry fare-paying passengers. Existing laws often refer to the 'operator' of the vehicle. This can be problematic as the context of operator sometimes changes. An owner is an entity that is more readily identifiable and can be specifically defined:
  - i. For a registered vehicle – the person whose name is registered against the vehicle under the *Road Traffic (Vehicles) Act 2012*.
  - ii. For an un-registered vehicle – the person who at law 'owns' the vehicle if it can be determined.
  - iii. If the owner cannot be identified, or is outside State jurisdiction, or has not appointed a responsible person to act on their behalf, then the driver of the vehicle should be considered the 'owner' of the vehicle.

The accountabilities for the owner of the vehicle should apply irrespective of whether the vehicle is licenced to carry fare-paying passengers or not.

4. The **driver** – the person who drives the vehicle being used to carry fare-paying passengers. It is proposed that the conduct of on-demand transport drivers should be governed by a driver-specific licensing framework such as an amended *Taxi Drivers Licensing Act 2014* or similar legislation.

The accountabilities for each entity and their relationships are shown in Figure 5.1.

Figure 5.1: Chain of accountability across the on-demand transport industry



(\*) denotes that this statement is not intended to require the vehicle be maintained by the manufacturer’s agent but to ensure the vehicle is maintained strictly in accordance with the recommendations of the manufacturer.

## How should a chain of accountability work?

In the chain of accountability described in Figure 5.1, each entity is independently accountable for their actions. For example, in the event that work is dispatched to an on-demand vehicle that is driven by an un-licenced driver, then all four entities – dispatcher, licensee, owner and driver have failed to meet their responsibilities.

## Failure of accountability

There will be occasions where an entity in the on-demand transport industry fails to fulfil their obligations. Such failures may include:

- operating an un-roadworthy vehicle;
- using an un-licenced driver or vehicle;
- overcharging for a metered fare;

- a case where a passenger does not pay for a journey (after it has been dispatched); and/or
- a case where a passenger is a victim of inappropriate or criminal behaviour by a driver.

There are three main ways of dealing with this matter:

1. For any kind of criminal act, as with any other industry, the criminal justice system will take precedence and take action against the offender. There will be some repercussions whereby a dispatcher, owner, licensee or driver who is guilty of an offence may, in addition to any criminal sanction, be deemed not fit or proper to continue to operate. If they are a licence holder, then their licence may be revoked.
2. Some breaches of accountability will be an offence that will attract an infringement or court-imposed penalty. Such penalties could include fines and/or suspensions from operating (e.g. disallowing a person to operate for a defined period).
3. Some breaches, in addition to a formal penalty, could result in civil liability for any damage caused.

## Driver accountability

Under the proposed model, all drivers of on-demand vehicles will be required to be licensed by the regulator under a uniform licensing environment such as the *Taxi Drivers Licensing Act 2014*. This will ensure that the regulator can set minimum standards for entry and have a mechanism for permanently removing drivers who are deemed unfit to be a professional driver. This includes determining the minimum background checks, such as criminal, traffic infringement and medical, and setting minimum entry-level training standards (e.g. language proficiency).

Responsibility for ensuring that drivers are able to provide a higher standard of service should rest with individual businesses. This would include evaluating whether a driver can provide acceptable customer service, and whether they have suitable geographic knowledge and training applicable to the specific services provided.

While the regulator will set minimum licensing standards for drivers, the responsibility for driver quality should rest with industry.

While it is intended that drivers be licensed under the *Taxi Driver Licensing Act 2014*, the responsibility for many of the driver-quality offences in the TDL should be shifted to the vehicle licensee and owner. For example, the responsibility for a taxi driver overcharging or selecting an inappropriate route for a 'rank and hail' job should rest with the vehicle owner and licensee, rather than the driver. This would encourage industry to better manage driver quality.

## How should industry manage accountability?

It is expected that industry players will need to manage the process by which they ensure they meet their obligations. In other words, they should be able to choose how they will manage the risks associated with providing their transport service.

To assist industry in managing their risks, and to provide guidance on handling accountabilities, there should be a Code of Practice that describes reasonable steps and processes that on-demand transport operators can implement. An operator that is fully implementing the Code of Practice in an effective way should be considered to have taken all reasonable steps to manage their accountability risk and not be considered at fault in the event of a regulatory failure.

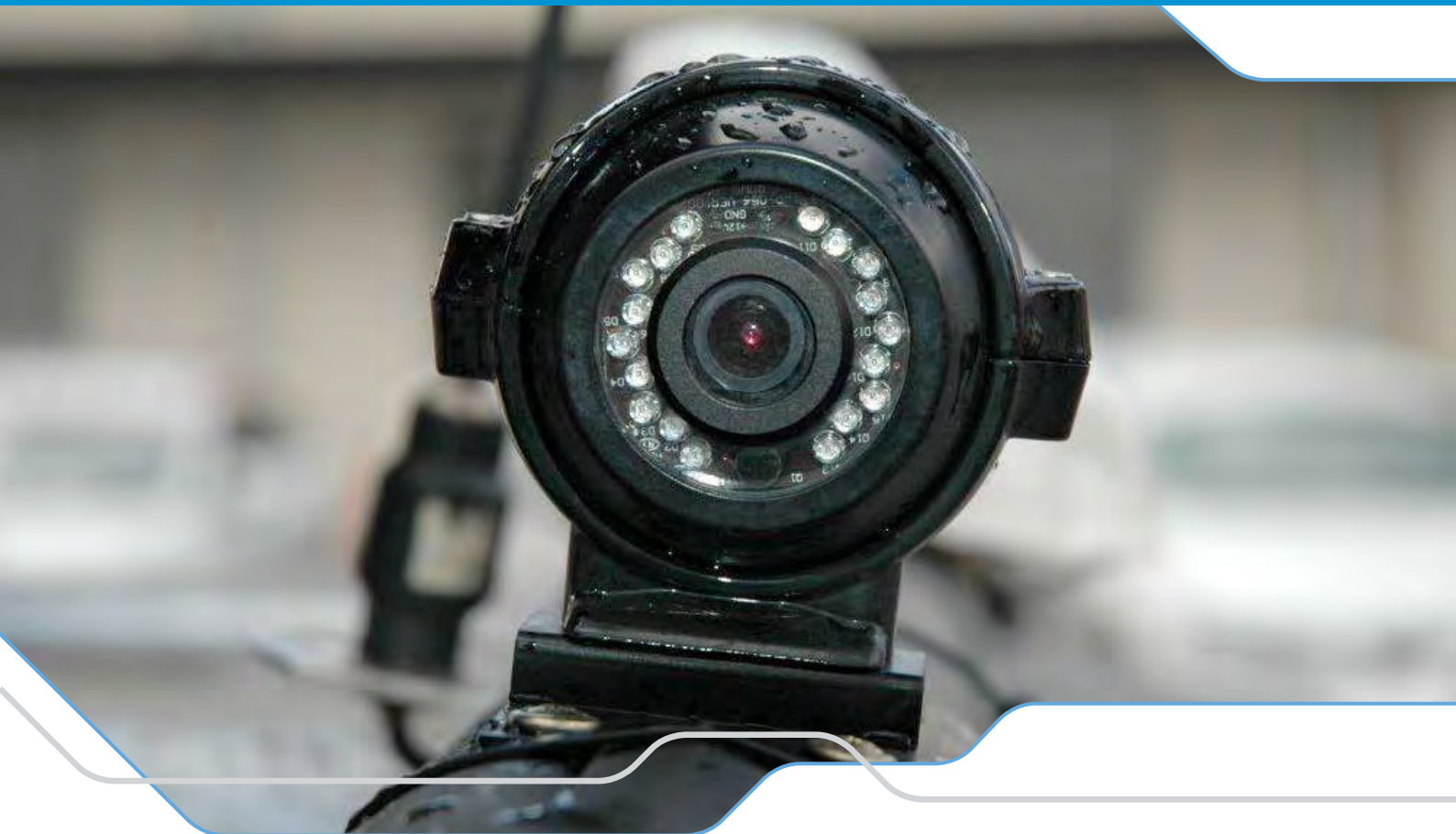
The Code of Practice should be developed in close consultation with industry so that the recommended methods of managing risk are achievable and strike the right balance between public safety and cost to business. The Code should also be a legally recognised document that is subject to parliamentary scrutiny to provide independent oversight on the degree to which it balances public safety and cost to business.

In addition to guiding the industry, the Code of Practice should inform the regulator's decision to prosecute, as well as inform any court-imposed penalties.

## Should camera surveillance equipment be mandatory?

Taxi Camera Surveillance Units (TCSUs) were first installed in taxis in the Perth Taxi Control Area in December 1997. The purpose of TCSUs was to provide greater security for both passengers and taxi drivers and to counter the effects of anti-social behaviour in taxis.





At present, the only vehicles required to have a security camera system installed are vehicles operating as taxis in the Perth Taxi Control Area (including vehicles unlawfully operating as taxis). Country taxi-cars and omnibuses are not required to have cameras installed although there are no transport-related laws preventing them from doing so.

TCSUs are not unique to Western Australia and are used in many jurisdictions in Australia and overseas. The specifications for TCSUs vary in terms of image quality, audio capture, the number of cameras and the duration that the unit retains images. Perth has one of the highest benchmarks for TCSUs in the world requiring that TCSUs, amongst other requirements, have two external and two internal cameras, video capture resolution in full colour, are capable of recording in-cabin audio, can hold 288 hours of video and audio data and are weather and fire-resistant.

In metropolitan Perth, TCSUs are mandatory and all taxis are required under regulation 16 of the *Taxi Regulations 1995* to have an approved and working TCSU system. There is no mandatory requirement for regional taxis to have TCSUs, however, there are some country taxi-car operators who choose to have TCSU-equipped vehicles.

There are very real and tangible benefits in requiring Perth taxis to have TCSUs. For example:

- Full audio-visual recording of an event provides some of the best evidence when investigating a taxi-related incident. TCSUs have been used to validate and invalidate a variety of claims from allegations of inappropriate or rude behaviour by drivers, through to serious allegations involving assault, robbery and sexual assault. The vision from TCSUs has resulted in taxi drivers being sent to prison and, equally important, taxi drivers being vindicated in the case of false allegations.
- The presence of TCSUs can provide passengers with a sense of safety and security that may attract new customers to this mode of transport (and potentially other surveillance-equipped vehicles), providing a commercial advantage.

Conversely, while there are clear benefits in having TCSUs there are also some disadvantages. For example:

- The high specification for current TCSUs, particularly with respect to storage space and fire/weather resistance, significantly increases the cost of units for taxi operators, placing them on an unequal footing with other providers of on-demand transport.

- TCSUs add to the load placed on a taxis' electrical system and many taxi operators have incurred costs associated with upgrading and improving battery and electrical systems.
- Current regulations that restrict the downloading of vision to authorised officers effectively prevent taxi operators from using TCSU footage for insurance claims and other civil purposes.
- The requirement for external cameras means that metropolitan taxis can be called off the road in order for vision to be downloaded for non-taxi related police investigations, imposing a non-recoverable cost on taxi drivers and operators.

### Other perspectives on the need for surveillance systems

The need for security cameras in non-taxi vehicles is open to considerable debate. A security camera system is a useful mechanism for managing risks associated with anti-social passenger behaviour and/or dishonest driver conduct. However, the level of risk may differ between different service types. A taxi engaging in 'rank and hail' work may have very little information on the passenger(s) they carry and passengers may be drunk or drug-affected. This presents a higher-level of risk (or likelihood of antisocial behaviour) that could be mitigated by a TCSU. A taxi doing a job that was booked through a taxi dispatch service or a TDS smartphone booking application, where some information is known about the hirer, may represent a lower risk profile. The risk profile for a vintage wedding car, where the hirer's identity will be known and the hiring charge (or a deposit) paid, may well be lower still.

New entrants into the on-demand transport industry have argued that a smartphone app removes the need for security cameras. The individual passenger's smartphone can be tracked against the smartphone (or other device) being used by the driver of the vehicle. This effectively removes the anonymity of the journey as the driver and passenger can be easily identified and the removal of anonymity eliminates the need for a surveillance camera.

While there may be merit in this position, there are a number of other issues that require consideration. For example, identifying the smartphones used for a specific journey may give a strong indication as to the individuals involved; however, it may be limited in that:

- the presence of a smartphone device for a journey shows conclusively that the device was used for the journey but may not show conclusively who was using the device for that journey (e.g. if a stolen smartphone was used for a journey);
- a smartphone-based system may not necessarily require the smartphone used to make the booking to be in the vehicle for the journey (e.g. a smartphone app may allow a person to book for the collection of a third party);
- the smartphone system may not provide information or the identity about other passengers involved in the trip; and
- a smartphone device is unlikely to capture information that would validate whether an actual incident did or did not occur.

### What are the options for surveillance cameras in the future?

There are a number of ways the use of camera surveillance systems could be managed in the future. These include:

- maintaining the requirement for mandatory camera surveillance systems in metropolitan taxis only, with other on-demand transport services retaining the option to install cameras. This could be done either by:
  - Retaining the existing standard involving interior and exterior cameras; or
  - Removing the requirement for exterior cameras so that only internal cameras are mandatory for metropolitan taxis;
- requiring only those on-demand transport providers who undertake ad-hoc transport tasks to have camera surveillance units installed. Other transport providers can install equipment at their discretion;



- requiring all forms of on-demand transport to have surveillance cameras installed; and
- making camera surveillance systems voluntary for all forms of on-demand transport, including taxis, with guidance on the desirability of camera surveillance systems to be outlined in the Code of Practice.

### How should camera systems be funded?

At present, metropolitan taxi operators are required to supply and install camera surveillance systems at their own cost. Although there have been camera subsidy programs in the past, recent subsidy programs have been used to upgrade old camera systems only. Subsidies have not been provided to new operators commissioning a taxi vehicle in recent times.

The cost of mandatory camera systems, if it only applies to certain sectors of the on-demand transport industry (e.g. metropolitan taxis), will place that sector/s at a competitive disadvantage, which is contrary to the principle of creating a level playing field and is not considered desirable.

It is therefore necessary to consider how mandatory camera units should be provided and funded in the future. There are two options being considered for the supply of cameras:

1. The regulator will manage the supply, installation and maintenance of camera units, possibly via an agreement with one or more third-party providers.
2. The provision of direct subsidies to vehicle operators to assist in the installation of mandatory camera units.

There are also two sources of funding that could be considered for the supply of cameras:

1. Taxpayer-funded – the provision of mandatory camera surveillance units be funded from consolidated revenue.
2. Industry funded – the cost of providing camera surveillance units be incorporated into the cost of regulation and be recovered through licensing fees applied to all vehicles, irrespective of whether they are required to have camera units installed or not.

In the event that camera surveillance systems are not mandatory, then the cost of installing a system should be borne by the operator wishing to make use of those systems. Consideration should also be given to relaxing some camera specifications to aid in reducing unit costs and opening the market to more suppliers.

# SECTION 6

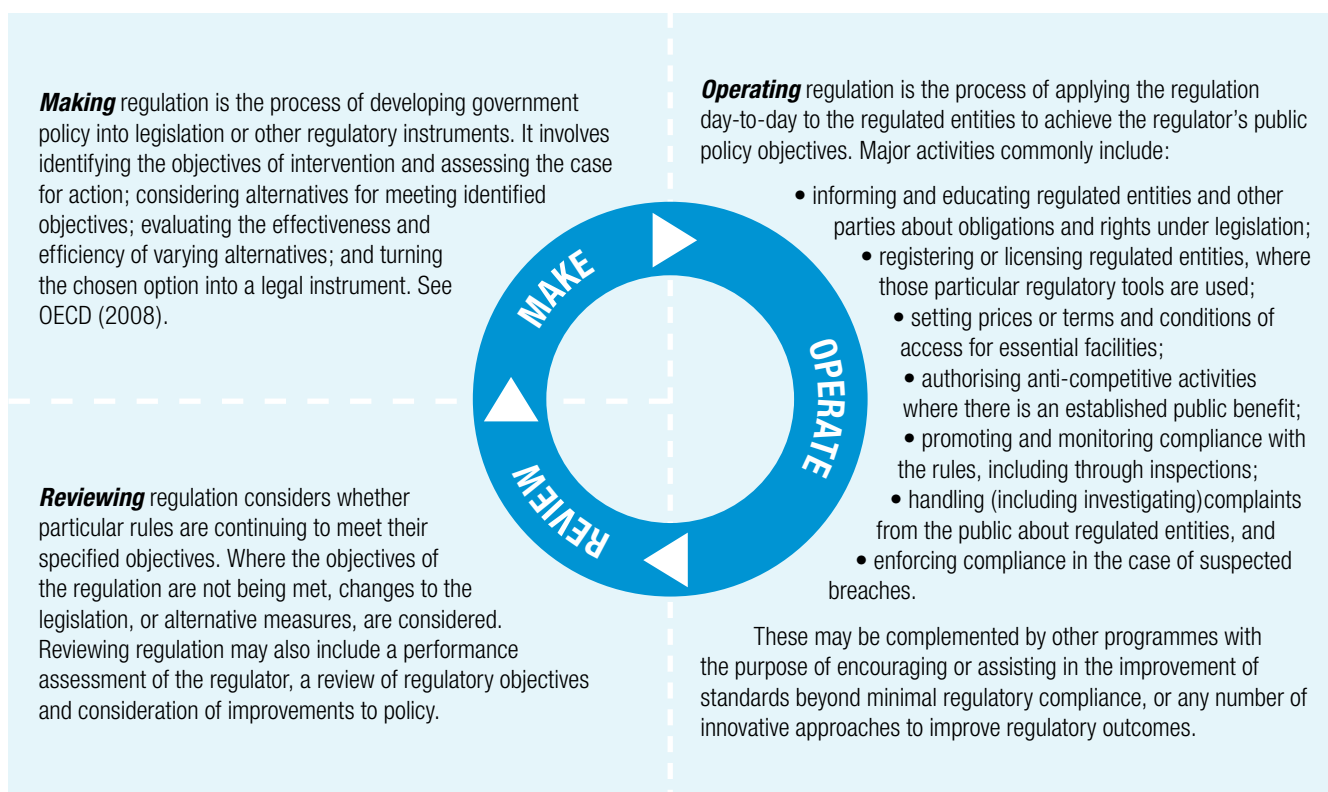
## MAINTAINING ACCOUNTABILITY

In an ideal world, there would be no need for Government to actively regulate industry and no requirement for compliance or enforcement of any kind. Businesses and consumers would always voluntarily comply with the law and act in an open, transparent fashion. The reality, however, is that this is not always the case and there will be occasions where individuals, whether deliberately or by accident, cause physical, economic or other harm to others. Identifying and preventing this harm is the role of regulatory authorities and the laws they must uphold.

The OECD *Best Practice Principles for Regulatory Policy* (OECD 2014) states that “Strengthening governance can contribute to improved regulatory outcomes (Meloni, 2010). In particular, better administration, more effective compliance programmes and targeted enforcement of regulation can help to achieve the desired outcomes most efficiently, while minimising the

burden on regulated entities. This can also allow more focus on enforcement and other efforts to curb those who deliberately operate at the expense of the community’s interests.”<sup>22</sup>

The OECD identifies the “cycle” of regulatory activities that describes three phases of regulatory activities – “make”, “operate”, and “review”<sup>23</sup>.



Source: OECD (2014), *The Governance of Regulators, OECD Best Practice Principles for Regulatory Policy*, OECD Publishing, Paris. DOI: <http://dx.doi.org/10.1787/9789264209015-en> p 26.

<sup>22</sup> OECD (2014), *The Governance of Regulators, OECD Best Practice Principles for Regulatory Policy*, OECD Publishing, Paris. DOI: <http://dx.doi.org/10.1787/9789264209015-en> p 17

<sup>23</sup> Ibid pp25-26



In the context of this cycle, this Green Paper comprises a review of regulations (by commencing a discussion with industry and the community) after a substantial operational phase (in excess of 20 years for the *Taxi Act 1994*). The result will be the making of new regulations to provide an enhanced policy framework and governance structures that improve outcomes for the community honestly, fairly and efficiently, within the legal framework and objectives outlined by government (OECD 2014)<sup>24</sup>. These new regulations will give effect to the new licensing model, discussed in Section 4; and enforce the accountability model discussed in Section 5.

## What kind of regulator is required?

To ensure that the licensing environment described in Section 4 has integrity and that on-demand transport providers are accountable, the regulator will need the appropriate tools at its disposal to ensure that industry is free to innovate and compete to provide transport services consumers want in a safe and secure manner.

The OECD<sup>25</sup> identifies seven principles for the governance of regulators and these provide a good starting point for discussing the future role of the on-demand transport regulator.

### 1. Role clarity

In an environment where industry should manage issues of service standard and quality; and the regulator should focus on issues of safety, it is vital that the regulator be less intrusive in the day-to-day operations of business and focus its efforts on targeted intervention where there is a clear regulatory failure. However, a regulator's role is not necessarily limited to just issues of enforcement. There is a need for Government to be advised on issues affecting industry and for critical regulatory tools, such as the proposed Code of Conduct, to be regularly reviewed and updated.

The role of the future regulator of on-demand transport should focus on:

- **education** – so that industry is informed about best practice, emerging issues and receives support in complying with legal obligations;
- **industry liaison** – to ensure that industry and regulators share a common understanding of issues and that informed advice is given to Government and the Minister; and
- **enforcement** – to ensure that providers of on-demand transport services comply with requirements and are held accountable for the services they provide.

The regulator should not be involved in direct delivery of training of testing or drivers and/or licensees, rather, the regulator should set standards and monitor and audit compliance with those standards by third parties.

### 2. Preventing undue influence and maintaining trust

Trust between an industry and its regulator is strongest when there is a clear understanding of the role of the regulator and when the regulator's processes towards policy development and enforcement are clear and consistent.

While industry engagement is critical in developing a regulatory framework, it is important that the Government of the day be the final decision-maker in approving regulatory policy and that interactions between the on-demand transport regulator and industry are open and transparent.

### 3. Decision making and governing body structure for independent regulators

Currently, the on-demand transport industry is regulated by the Department of Transport. While it has been suggested by the RAC<sup>26</sup> that on-demand transport should have an independent regulator, under this proposal the regulatory functions would remain within the Department. The reason for this is that the regulator would be able to benefit from the economies of scale a large department can provide in terms of corporate support and information technology infrastructure.

The principal decision-making and governing structures would therefore remain unchanged.

<sup>24</sup> OECD (2014), *The Governance of Regulators, OECD Best Practice Principles for Regulatory Policy*, OECD Publishing, Paris. DOI: <http://dx.doi.org/10.1787/9789264209015-en>

<sup>25</sup> Ibid

<sup>26</sup> Economic Alternatives Pty, Ltd. *Royal Automobile Club Review of Aspects of the Taxi Industry in Perth and Western Australia*, October 2014

#### 4. Accountability and transparency

This will be best achieved by building on existing internal work within the Department of Transport to ensure that policies, procedures and enforcement guidelines are clear, unambiguous and readily available to the public.

#### 5. Engagement

An effective regulator must engage closely with industry so that information on trends and emerging issues can be clearly communicated. Industry professionalism and a strengthened relationship between the regulator and industry will require that:

- industry and individual businesses are ready and willing to provide raw data in order to support arguments for regulatory change, so that policy decisions are evidence-based;
- the regulator has a strong focus on industry education and in ensuring relevant data on trends and regulator performance are communicated openly and transparently; and
- the regulator and industry collaborate on key issues informing the Code of Practice outlined in Section 5 so there is buy-in from industry and the code remains current with emerging trends.

One critical way of ensuring strong engagement with industry on policy matters is to create one or more advisory committees to provide a forum for industry and regulators to discuss high-level issues. To ensure accountability is maintained and to maintain clarity of roles, an advisory committee would not have a role in the operational decisions of the regulator.

#### 6. Funding

As discussed in Section 4, the cost of on-demand transport licences should be based on the cost of regulating the on-demand transport industry. In effect, this means that the regulator would be almost entirely industry-funded through the collection of licensing fees.

#### 7. Performance evaluation

In any cost recovery environment, it is critical that both industry and the public have the opportunity to evaluate whether a regulator is providing acceptable community outcomes, as well as value for money. To assist this, it is critical that the regulator develop very specific and measurable Key Performance Indicators (KPIs) and that these be reported on a regular basis.

In developing these KPIs it is important that:

- the KPIs can be validly measured and independently audited;
- industry has an opportunity to have input on setting KPIs, but that the final decision on KPIs be made independently to avoid industry from having excessive influence; and



→ the KPIs do not lead to undesirable behaviour by the regulator in order to meet those KPIs (such as the regulator avoids identifying un-roadworthy vehicles so that KPIs on roadworthiness are met).

## What tools will the regulator need?

Since the *Transport Co-ordination Act 1966* and *Taxi Act 1994* first came into effect, the business of providing on-demand transport has changed, the size and resources of the industry has increased, and the methods and ease with which a person can avoid the law have changed.

The powers currently available to the regulator under the *Transport Co-ordination Act 1966* and *Taxi Act 1994* differ in a number of ways. For example, the powers of an investigating officer under the *Transport Co-ordination Act 1966* can be lawfully used to investigate “the owner and driver of a vehicle; and any other person whom he (sic) has reasonable grounds to believe may have information as to the operation of any vehicle.”<sup>27</sup> This means a third party booking service, which may have information about the use of suspect vehicle, can be investigated and can even be subject to an entry warrant.

By comparison, the *Taxi Act 1994* is far more specific and limits the application of an authorised officer’s powers to the driver, passenger, plate holder, operator and taxi dispatch service. In the event of a vehicle suspected of being operated as a taxi without taxi plates, the powers of an investigating officer are limited to the operator of that vehicle only. A third party booking service, which may have information about the use of a suspect vehicle, cannot be investigated and the *Taxi Act 1994* provides no authority to issue an entry warrant of any kind.

To be able to address issues of non-compliance, and to ensure the on-demand transport industry can be held to account, it is essential for the regulator to have the necessary powers to investigate offences. With the increasing use of telecommunications technology that allows for non-compliance on a large scale, stronger powers will be required. These include:

- a) the ability to stop and inspect a vehicle believed to be operating for hire and/or reward;
- b) to require a person to produce records or documents that they are required to keep;
- c) to require a person to produce for inspection any licence document they are required to carry (e.g. motor drivers licence);
- d) to require a person or entity with information about a driver or vehicle (or use of a vehicle) to produce records or documents and have those records or documents admissible in court;
- e) the ability to seize and/or search computers, phones and other technology devices that can be used for storing records or communications; and
- f) the authority to exercise entry warrants in order to obtain evidence of an offence.

Some of these powers are considerably broader than those currently in existence and it is critical that more coercive powers, such as entry warrants and requiring the production of documents or records, be exercised under strict supervision. For this reason, it is recommended that certain powers, such as d), e) or f) are only exercised with the authority of a Justice of the Peace or Magistrate and after the regulator has demonstrated there is sufficient reason for such a power to be exercised.

<sup>27</sup> *Transport Coordination Act 1996*, Section 49



## What penalty provisions are required?

As the types of powers an authorised officer can exercise differs between existing pieces of legislation, so too does the maximum penalty for an offence. The following table provides an overview of the penalties that apply in different areas:

	Metropolitan taxis	Country taxi-cars	Omnibus
Breach of the Act	\$5,000	\$1,000	\$10,000
Breach of regulations	\$1,000	\$200	\$2,000

While these penalties may have been appropriate at the time they were first created, one of the more significant changes in recent years is the scale and size of companies that are providing on-demand transport services in Western Australia. In some cases, these companies are global, multi-billion dollar firms with considerable resources at their disposal. Existing penalty regimes are clearly not sufficient to have a deterrent impact on large firms and it is possible for companies to easily accept penalties and infringements as a cost of doing business.

For the regulatory environment to provide consumers with reassurance that on-demand transport in Western Australia is safe and secure, penalties for offences must be large enough for the cost of non-compliance to be higher than the cost of compliance.

Photo courtesy of Tourism WA





# SECTION 7

## WHAT DOES ALL THIS MEAN?

The proposed licence framework is aimed at being less prescriptive and allowing greater flexibility to different business models to flourish. There will be varying impacts on existing participants in the on-demand transport industry. The sections below summarise how the changes outlined in this Green Paper will impact on different parts of the on-demand industry and how they would transition to a new regulatory environment.

A summary of the reform changes described in this Green Paper can be found in Table 7.1 at the end of this section.

### Staged implementation

Any changes arising from this process will be done in a thoughtful, considered and staged way. Industry will have ample opportunity to have input into the changes and have sufficient lead time to adjust and adapt their business.

### What this means for...

#### → The on-demand transport industry

The ideas outlined in this Green Paper will impact on different parts of the on-demand transport industry in different ways. For some parts of the industry, the changes will provide greater flexibility to deliver services. For others, existing business models may need to change to adapt to a new, more competitive environment.

For example, by creating a more flexible licensing environment and removing ownerships limits on metropolitan taxi plates, the opportunity for corporatised plates and more vertically integrated business models arise. This will allow businesses to provide higher quality services, with higher quality vehicles at more affordable prices by leveraging economies of scale<sup>28</sup>. The emergence of larger operators may encourage smaller businesses and owner-operators to form co-operatives, in order to leverage similar economies of scale.

In any market-driven environment, it is up to individuals to choose how they wish to conduct their business. However, irrespective of the impact, all participants in the industry will need a clear, smooth and transparent transition path to the new environment. While much of the detail of this transition path will arise as ideas move from concept through to implementation, the high-level path is relatively straight-forward.

#### → Consumers

Consumers will have greater choice in selecting the types of transport services that they want and meets their budget. However, changing business practices may mean that some of the things consumers are familiar with will change. For example, by making dispatchers responsible for ensuring drivers get paid for dispatched work, consumers may be required to pay for their journey before it commences, or pay a deposit, or provide a credit card as a deposit/surety. Prices for journeys may be more reflective of changing demand, meaning in some circumstances prices may increase, while in others they may reduce.

Consumers will have access to a wider variety of transport options and can have confidence that minimum safety standards are being applied to all forms of on-demand transport.

#### → Country taxi-car licence holders

Under the model proposed the preferred option is to transition country taxi-car licences to a form of owned plate along the lines of an owned metropolitan plate.

A post-transition country taxi-car plate could operate in one of the following scenarios:

- Limited to the city/town as currently conditioned;

<sup>28</sup> Economic Alternatives Pty, Ltd. *Royal Automobile Club Review of Aspects of the Taxi Industry in Perth and Western Australia*, October 2014

- Limited to the Regional Development Commission regional boundary as currently conditioned;
- Limited to operate outside the Perth Metropolitan Taxi Control Area; or
- Unlimited access to operate anywhere within the State.

The preferred option is that country taxis are 'limited to operate outside the Perth Metropolitan Taxi Control Area'. The area could be designated as a 'Regional Area'.

The proposal to incorporate all on-demand transport types under a consolidated Act means eventually, it is expected that country taxi-cars would be required to meet the same standards as other taxi vehicles.

The standards may be prescribed in regulation while others will be guided by the Code of Practice.

The Government is aware that these standards are quite different from the conditions currently required of country taxi-cars and envisage the adoption of new standards would occur in a gradual manner with support from the regulator. Transition arrangements for country taxi-cars will be determined in consultation with industry.

### → Drivers

Taxi drivers will have a greater choice of dispatching and driving options. Under this proposal, a taxi driver could elect to drive an on-demand vehicle and may opt to use a new market entrant to obtain work. Taxi drivers may also be able to use the existence of an alternate service to negotiate better terms with either a taxi dispatch service or a taxi operator. However, some taxi drivers may not wish to alter their service delivery model and may view the creation of an alternate service as a threat to their viability.

### → Government-leased taxi plates holders

Leases for conventional, peak period, area-restricted and multi-purpose taxi plates would continue to be in force for the remaining term of the lease agreement at which time the lease plates will be replaced with an Annual Licence Vehicle (refer to Section 4) most appropriate for their current operations. Under the Annual Licence Vehicle, plate fees will be based on a cost recovery model and will be substantially lower than current lease plate fees. Lessees wishing to transition their Government-leased taxi plates to an Annual Licence Vehicle prior to the expiry of the lease term could do so. Community service obligations, such as mandatory operating hours, should be removed in recognition that holders of metropolitan taxi lease plates should have the same freedom as other licence holders to operate vehicles in the most profitable way possible.

### → Omnibus licence holders

Currently, omnibus operators are licensees with a single licence pertaining to multiple vehicles. Omnibus licence holders add and remove vehicles as their fleet changes. An omnibus licence can be for a period up to seven years, although as a matter of administrative practice all licences are issued for 12 months, and have a common end date of 31 July each year.

Under this proposal, any affected omnibus licence holders would be invited to apply for an appropriate Annual Licence Vehicle. Section 4 of this Green Paper details three licence types that are most likely to describe the services being provided by existing omnibus operators, these are:

1. **On-demand vehicle:** omnibus operators currently providing, or intending to provide, an on-demand-type service would apply for an on-demand vehicle licence. This would include many Small Charter Vehicle and Tour and Charter Vehicle operators providing general transport services (e.g. airport pickups). A holder of an on-demand vehicle licence would not be prevented from also doing strict charter-like work.

2. **Charter-only:** omnibus operators currently providing or intending to provide more specialised transport services, such as vintage wedding cars novelty vehicle charters or dedicated charter services (including off-road camping expeditions), would apply for a charter-only licence. Charter-only operators would be doing work that is pre-booked, but would not be accepting dispatched work or providing general transport services. An operator wanting to do a combination of charter and on-demand work would apply for an on-demand licence.
3. **Regular passenger transport:** providers of regular passenger transport (RPT) services would apply for an RPT licence. RPT licences would also permit the operator to undertake charter work.

While there would no longer be stipulations on the number of seats or vehicle type, it would be expected that the driver be appropriately trained and the vehicle fitted with equipment applicable to the service being offered. For example, if a remote off-road tour service is offered, then, based on a risk assessment of the activity and patron safety, the vehicle used would be appropriate for off-road travel (such as a four-wheel-drive), a satellite phone may be required depending on the telecommunications service in the area, and a first aid kit would be required to be installed.

With the proposed annual licence fee structure based on cost recovery (refer Section 4) it is possible that some existing omnibus licence holders may experience an increase in licence fees. The reason for this increase is to bring omnibus fees in line with current costs (administrative and compliance) that are not being met at the present fee levels which range from 50 per cent (for 5-14 seats) to 93 per cent (45-59 seats) of cost recovery.

Further, under this proposal, all drivers of on-demand transport services would be regulated under an amended *Taxi Drivers Licensing Act 2014*.

## → Owners of metropolitan taxi plates

Owned metropolitan taxi plates would continue to exist and would continue to be tradeable in the same manner that they are today. Existing plate ownership restrictions, which limit the maximum number of owned plates to five, would be removed. Similarly, limits on the maximum amount chargeable for leasing a private plate would be removed.

Community service obligations, such as mandatory operating hours, should be removed in recognition that holders of metropolitan taxi lease plates should have the same freedom as other licence holders to operate vehicles in the most profitable way possible. In recognition of the investment taxi plate owners have made, fees and charges should be waived either permanently, or for an extended period of 15 to 20 years. Consideration could also be given to having a transition period (i.e. five years) during which the issuing of new taxi licences would be limited to owners of taxi plates.

The most significant change for taxi plate owners is that under the accountability framework described in Section 4, plate owners would be accountable for the vehicle their plate is attached to, as well as the actions and welfare of the drivers of those vehicles (where reasonably practical). This means that plate owners will be required to take a greater interest in how their plate is used.

The presence of competing service models may be the impetus for taxi plate owners to improve their business and service delivery model in order to enhance the taxi value proposition. The value of a business would then be based on the quality of customer service they offer rather than on plate scarcity or government quantity regulation.

Taxi plate owners may also use the existence of alternate service providers to place pressure on dispatchers to assist in improving the quality of taxi services to the community. Under this proposal, the value of taxi plates may decrease as transport investors choose to invest in other on-demand vehicle sectors. Similarly, the commercial rate for leasing a privately owned taxi plate may decrease as alternate on-demand vehicle sectors may provide a more cost effective proposition to prospective operators and drivers.



A future opportunity could be to allow an owner of taxi plates that are operating in a corporatised or co-operated environment to be entitled to an additional licence(s) without additional licence fees. This would allow the plate owner to operate multiple licensed vehicles for each taxi plate owned e.g. 1.5 vehicles for each plate owned.

### → **People with disabilities**

Reforms in the provision of accessible on-demand transport for people with disabilities are underway in processes separate from this Green Paper. It is anticipated that reforms in the provision of MPT services will be in place in late 2015. The proposed regulatory and service delivery reforms aim to allow transport providers to offer flexible transport options. These will benefit people with special needs, especially those travelling with mobility devices (e.g. wheelchairs) or assistance animals.

In the short-term, it would be expected that the existing practice of having a dedicated MPT coordinator(s) would remain in place. As competitively priced transport options for people with disability improve, consideration could be given to removing the requirement for an MPT coordinator.

### → **Private taxis**

Under the proposed licensing model, private taxis would be transitioned to an Annual Licence Vehicle that is appropriate for the service provided.

### → **Taxi dispatch services**

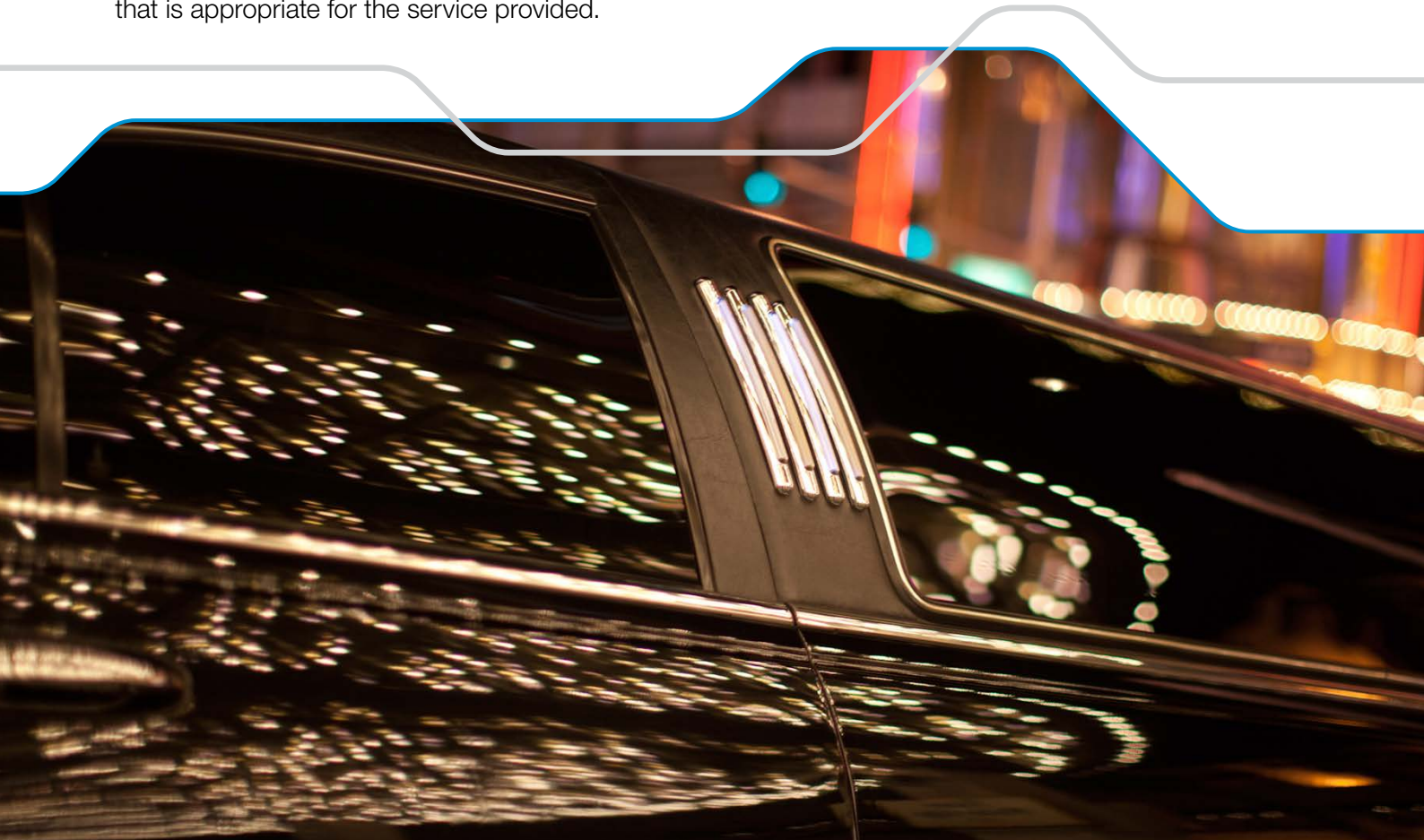
Taxi dispatch services may come under pressure to provide a better quality of service to drivers, operators and the public to prevent patrons (which include drivers, operators and the public) from shifting to other on-demand vehicle sectors. Dispatchers could also diversify into other on-demand vehicle sectors. There would be no requirement for any vehicle to be associated with a taxi dispatch service and multiple associations would also be possible and encouraged.

Taxi dispatch services will have the right to choose to operate or refuse to operate with certain taxi drivers and taxi operators.

### → **Taxi vehicle owners**

Current taxi vehicle owners will have a choice of licence types and services that they can provide with their vehicle. This would give owners the option of moving into other market segments and providing different services to their customers. Taxi vehicle owners may also benefit from a reduction in costs as fees move to a cost recovery basis and from opportunities to negotiate better terms with dispatchers.

Taxi vehicle owners would also have the right to choose, or refuse, to work with certain drivers or dispatch service providers.





## Summary of changes/regulatory objectives

Table 7.1: below provides a brief summary of the key reforms proposed in this Green Paper (Please refer to the main content for detailed explanations)

	CURRENT REGULATORY REQUIREMENTS			PROPOSED REGULATORY REQUIREMENTS
	PERTH METROPOLITAN TAXIS	COUNTRY TAXIS	OMNIBUSES	FOR ALL LICENCE TYPES
<b>Legislation</b>	<i>Taxi Act 1994</i>	<i>Transport Co-ordination Act 1966</i>	<i>Transport Co-ordination Act 1966</i>	Amended Taxi Act or new single consolidated Act
<b>Licence types</b>	<ul style="list-style-type: none"> <li>Owned plates</li> <li>Lease plates</li> </ul>	<ul style="list-style-type: none"> <li>Owned plates</li> </ul>	<ul style="list-style-type: none"> <li>Annual licence</li> </ul>	<ul style="list-style-type: none"> <li>Owned plates</li> <li>Lease plates</li> <li>Annual licences</li> </ul>
<b>Number of plates / licences</b>	<ul style="list-style-type: none"> <li>Capped by relevant percentage</li> <li>Ownership restricted to five</li> </ul>	<ul style="list-style-type: none"> <li>Issued by way of tri-annual reviews</li> </ul>	<ul style="list-style-type: none"> <li>Issued on request</li> </ul>	<ul style="list-style-type: none"> <li>Review relevant percentage</li> <li>Ownership cap increased or removed</li> <li>Issued on request</li> </ul>
<b>Dispatch affiliation</b>	<ul style="list-style-type: none"> <li>Required</li> </ul>	<ul style="list-style-type: none"> <li>Not required</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Not required</li> </ul>
<b>Licensing fees and charges</b>	<ul style="list-style-type: none"> <li>Annual licence fee</li> <li>Government lease</li> <li>Shift lease rates</li> <li>Plate lease rates</li> </ul>	<ul style="list-style-type: none"> <li>Annual licence fee</li> </ul>	<ul style="list-style-type: none"> <li>Annual licence fee</li> </ul>	<ul style="list-style-type: none"> <li>Annual licence fee for all licence types with the exception of owned plates.</li> <li>Caps on shift and plate lease rates to be removed</li> </ul>
<b>Patron safety</b>	<ul style="list-style-type: none"> <li>Taxi surveillance cameras</li> <li>Insurances</li> </ul>	<ul style="list-style-type: none"> <li>Not required</li> </ul>	<ul style="list-style-type: none"> <li>Not required</li> <li>Insurances</li> </ul>	<ul style="list-style-type: none"> <li>Taxi surveillance cameras discretionary based on risk assessment of activity</li> <li>Insurances required</li> </ul>
<b>Fare setting</b>	<ul style="list-style-type: none"> <li>Approved fares schedules</li> </ul>	<ul style="list-style-type: none"> <li>Prescribed taxi fares</li> </ul>	<ul style="list-style-type: none"> <li>\$60 minimum fares</li> </ul>	<ul style="list-style-type: none"> <li>Maximum fare controls for taxi 'rank and hail'</li> <li>Deregulated fares for booked journeys (including taxi)</li> <li>Booked journeys on agreed price (not metered)</li> </ul>
<b>Driver standards</b>	<ul style="list-style-type: none"> <li>Driver standards including: <ul style="list-style-type: none"> <li>criminal and traffic checks</li> <li>medical checks</li> <li>professional development</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Driver standards including: <ul style="list-style-type: none"> <li>criminal and traffic checks</li> <li>medical checks</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Driver standards including: <ul style="list-style-type: none"> <li>criminal and traffic checks</li> <li>medical checks</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Driver standards – minimum standards to be set by driver licensing framework e.g. amended <i>Taxi Drivers Licensing Act</i></li> <li>additional training and quality standards to be set by businesses</li> </ul>
<b>Vehicle standards</b>	<ul style="list-style-type: none"> <li>Vehicle standards including: <ul style="list-style-type: none"> <li>age limits</li> <li>annual inspections</li> <li>access requirements</li> <li>luggage space</li> <li>taxi equipment</li> <li>signage</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Vehicle standards including: <ul style="list-style-type: none"> <li>annual inspections</li> <li>taxi equipment</li> <li>signage</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Vehicle standards including: <ul style="list-style-type: none"> <li>age limits</li> <li>annual inspections</li> <li>seating limits</li> <li>specialised safety equipment</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Vehicle standards including: <ul style="list-style-type: none"> <li>age limits (possible increase in age or no age limit)</li> <li>annual inspections</li> <li>no seating limits or luggage requirements</li> </ul> </li> </ul>
<b>Multi-purpose Taxis</b>	<ul style="list-style-type: none"> <li>Defined vehicle type and DSAPT standards</li> </ul>	<ul style="list-style-type: none"> <li>Defined vehicle type and DSAPT standards</li> </ul>		<ul style="list-style-type: none"> <li>Single dedicated MPT Coordinator</li> <li>DSAPT standards</li> <li>Dispatch affiliation mandatory until service standard improves or increased transport options</li> </ul>
<b>Driver safety</b>	<ul style="list-style-type: none"> <li>Fare evasion reporting</li> <li>Taxi surveillance cameras</li> </ul>	N/A	N/A	<ul style="list-style-type: none"> <li>Pre-booked and pre-paid fares</li> <li>Chain of accountability for shared responsibility</li> <li>Dispatch affiliation not mandatory</li> <li>Taxi surveillance cameras discretionary based on risk assessment of activity</li> </ul>

# SUMMARY

The Green Paper proposes some concepts for reform. Unless and until reforms are implemented and communicated by Government, existing regulations must be complied with and are being actively enforced by the Department of Transport.

## How to make a submission

The closing date for making a submission to this Green Paper is:

Open: **9am (WST) Friday 24 July 2015**

Close: **Midnight (WST) Friday 16 October 2015**

You can provide your views:

### 1. Online

Using the online template to make an online submission

Visit: <http://www.transport.wa.gov.au/greenpaper>

### 2. By post

Postal address:

On-demand Transport Reform Green Paper  
Passenger Services Business Unit  
GPO Box C102  
PERTH WA 6839

### 3. By email

Email address:

[greenpapercomment@transport.wa.gov.au](mailto:greenpapercomment@transport.wa.gov.au)

For additional copies of the Green Paper please call 1300 660 147.

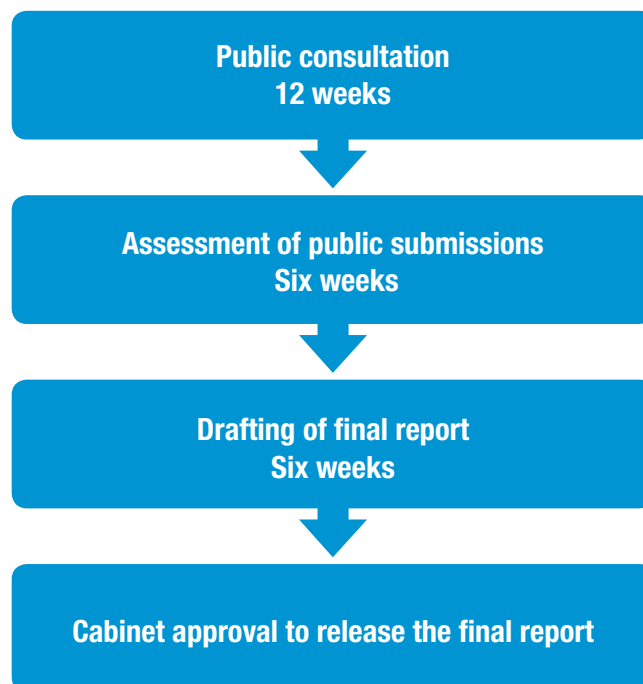
## Confidentiality

Please indicate clearly if you want your submission to be treated as confidential or if you wish to remain anonymous. All submissions will be treated as public documents, unless the author of the submission clearly indicates the contrary by marking all, or part, of the submission as 'confidential'. Public submissions may be published in-full on the website, including any

personal information of authors and/or other third parties contained in the submission. If your submission contains the personal information of any third party individuals, please indicate on the cover of your submission if they have consented to the publication of their information.

## Next steps

Following a 12-week public consultation period and receipt of submissions in response to the Green Paper, comments provided will be considered and taken into account in the preparation of the final report.



## Appendix A

### Current on-demand transport licence types - taxis

LICENCE	NUMBER PLATE SERIES	AREA OF OPERATION	DEFINITION
Conventional	016 – 945, 970 – 1039 (owned) 6000 series (leased)	Perth Taxi Control Area	Standard taxis that operate without restrictions (excluding operating conditions).
Multi-purpose	2000 series (owned) 7000 series (leased)	Perth Taxi Control Area	Provides a taxi service for people who travel in wheelchairs or scooters.
Area-restricted	001 004 005 008 009 010 011 946 3073 3077 3079 3092 3095 3102 3103 (owned) 9000 series (leased)	Designated area of operation with the Perth Taxi Control Area	Taxis restricted to a designated area of operation, which may travel anywhere but must return immediately to their restricted area.
Peak period	3013 – 3108 excluding 3073 3077 3079 3092 3095 3102 3103 (owned) 8000 series (leased)	Perth Taxi Control Area	Only permitted to operate for peak demand periods approved by the DoT.
Purpose-built (Trial)	4000 series (leased)	Perth Taxi Control Area	Taxis approved to participate in a trial of purpose-built taxi vehicles.
Substitute vehicle	5100 – 5200	Perth Taxi Control Area	The purpose of substitute taxi vehicles is to allow for continued operation of a taxi service as a temporary measure when an original taxi is unable to operate due to unforeseen circumstances. Substitute taxi licences are issued to approved substitute taxi vehicle suppliers.
Conventional	CT plate range	Designated area outside of the Perth Taxi Control Area	Standard taxi vehicle to be available 24-hours a day, seven days a week.
Multi-purpose	CT plate range	Designated area outside of the Perth Taxi Control Area	Capable of carrying at least one wheelchair. Must give priority to wheelchair requests.
Peak period	CT plate range	Designated area outside of the Perth Taxi Control Area	Only permitted to operate during peak periods, usually Friday and Saturday nights and other times as approved by the DoT.
Seasonal	CT plate range	Designated area outside of the Perth Taxi Control Area	Only permitted to operate during peak season and special events.
Substitute vehicle	5300 series (metro plates)	Designated area outside of the Perth Taxi Control Area	The purpose of substitute taxi vehicles is to allow for continued operation of a taxi services as a temporary measure when an original taxi is unable to operate due to unforeseen circumstances. Substitute taxi licences are issued to approved substitute taxi vehicle suppliers.

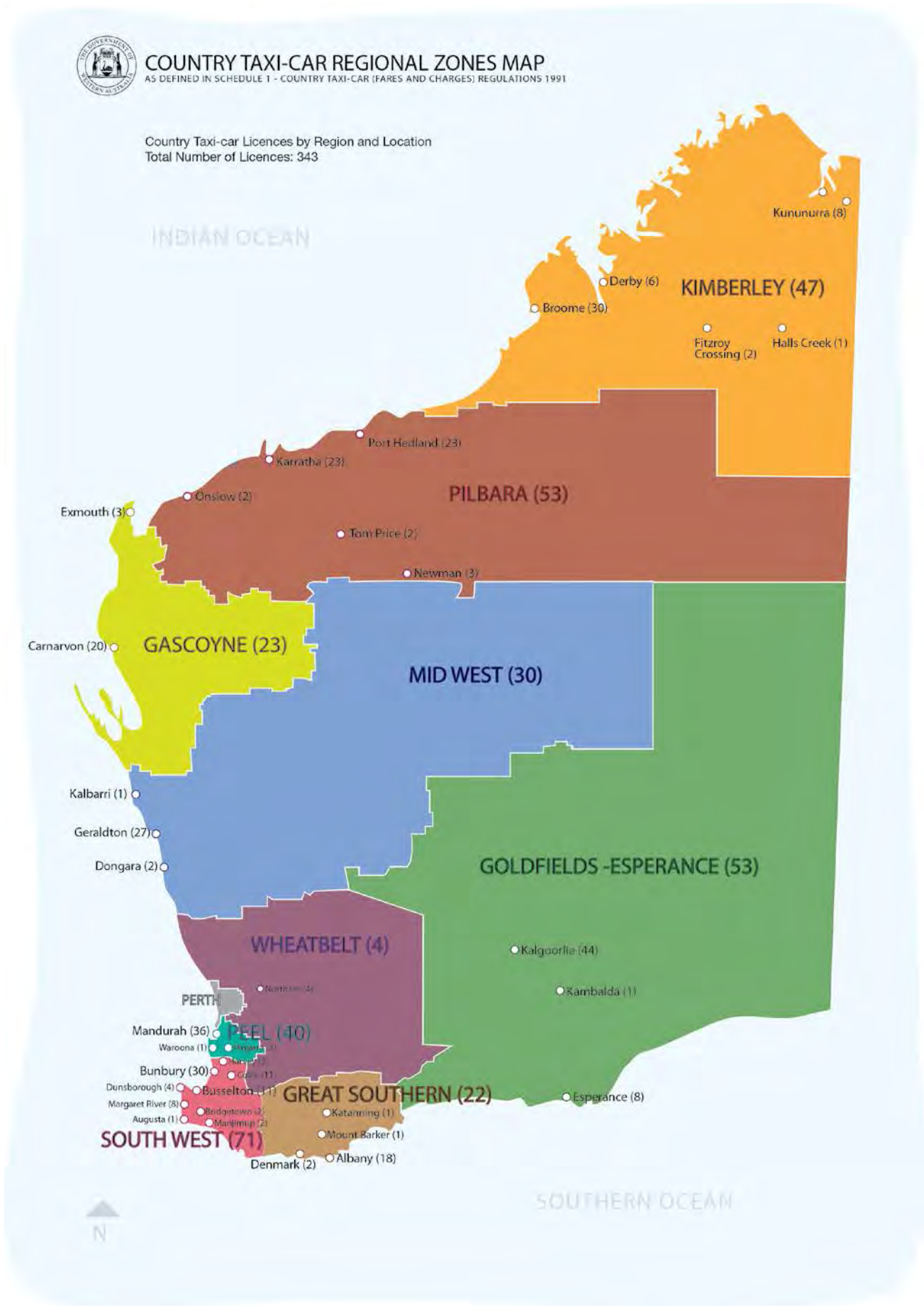
## Current on-demand transport licence types - omnibus

LICENCE	NUMBER PLATE SERIES	AREA OF OPERATION	DEFINITION
Tour and charter	TC plate range	State-wide	Includes both passenger tours and passenger charters in a vehicle with 12 or more passenger seats.
Regular passenger transport	TC TP UQB CAT or RCCTS plate ranges	State-wide	A public passenger service conducted on established routes with established pick-up and drop-off points in accordance with a regular timetable and for which passengers pay an individual predetermined fare.
Shuttle service	TC plate range	State-wide	A service that conveys passengers between one or more locations along established routes and for which passengers pay an individual predetermined fare. Vehicle must be fitted with 12 or more passenger seats.
Novelty	TC plate range	State-wide	Passenger tour and/or charters using specialised novelty vehicles with special limitations or requirements such as motorbikes.
Safari tour and charter	TC plate range	State-wide	A passenger tour and/or charter where some of the route is over unsealed or poorly made roads and to locations that may be remote. The vehicle must be four-wheel-drive and have depot communication installed (Royal Flying Doctor Service-compatible or satellite phone).
Small charter vehicle	SCV Plate Range* Custom SCV plates can be used; they must be white with dark green writing with "small charter vehicle" across the bottom of the plate.	Perth metropolitan area	A vehicle with less than 12 passenger seats and used solely for charter, with journeys commencing within the Perth metropolitan area. (*An exemption exists for stretch limousines where the number of passenger seats can be more than 12).
Tourism transfer	TC plate range	State-wide	A vehicle with less than 12 passenger seats where the transport provided is part of a tourism business. Transport cannot be the primary purpose of the business but be necessary for its operation.
Registered school bus	State plates	State-wide	Operators who have vehicles registered with the Public Transport Authority (PTA) as school buses may apply to have the vehicle added to their omnibus licence to enable the vehicle to be used for non-school purposes.
Private taxi	PT plate range	Outside of the Perth metropolitan area	Usually luxury passenger cars that are capable of carrying fewer than 12 passengers. They must be used solely for charter, with journeys commencing outside the Perth metropolitan area.
Wheelchair accessible tour and charter	TC plate range	State-wide	Vehicle fitted with less than 12 passenger seats and fitted with at least one wheelchair hoist.
Special event	Existing vehicle number plate	State-wide	Available to registered vehicle owners seeking to licence their vehicle to carry fare-paying passengers within a defined location to provide the community with additional transport options during a period of peak demand. The vehicle must be less than three years old. The vehicle owner and/or driver must hold a valid F or T Extension. 3F or 3G insurance class applies to the vehicle.
Regional	TC plate range	Limited to a defined area (where no taxi operates)	No minimum fare restrictions



# Appendix B

## Map of country taxi-car regions



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