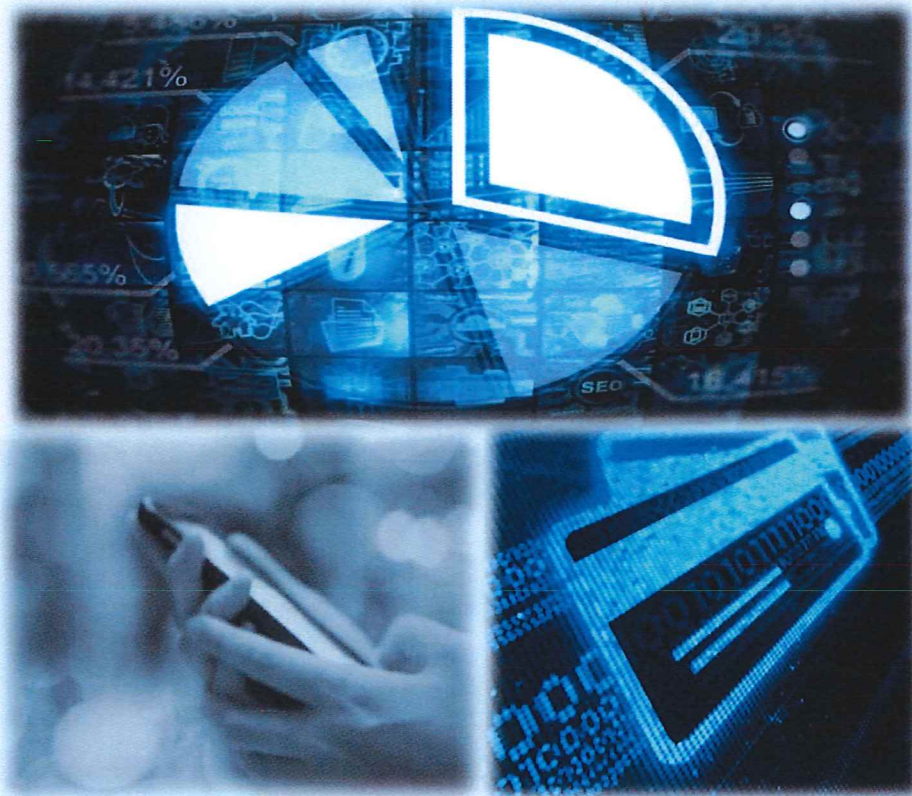


# **Proposal for Regulation of the On-demand (Taxi and Charter) Transport Industry**

## **Decision Regulatory Impact Statement**



Department of Transport

May 2017

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## Executive Summary

The taxi industry in Western Australia has for many years been protected from other forms of on-demand transport. This was achieved through legislation in the form of the *Taxi Act 1995* which covered the Perth metropolitan area and in the Country regions, by the *Transport Coordination Act 1966*. However, this protection came at the price of a heavy regulatory regime that was ultimately to discourage flexibility, stifle innovation and severely limit customer service standards.

In 2014 a review into micro-economic reform in Western Australia by the Economic Regulation Authority (ERA) concluded that the over-regulation of taxis had rendered them expensive, unreliable and under-supplied. Another report issued by the Competition Policy Review Panel in 2015 largely echoed the ERA report. More specifically a review of the Perth metropolitan taxi industry sponsored by the RAC made a raft of recommendations aimed at opening up the industry to more competition.

While these reports were significant in calling for broad reform of the industry, a further catalyst for change was the entry of digitally -based "ride -sourcing" operators into the Perth metropolitan area, providing an alternative service that had appeal for customers. The traditional taxi industry was quick to call on the government for action, arguing that the new market entrants were competing unfairly since they were outside of the regulatory framework and bore few of the costs of compliance.

Recognising the need for urgent reform, Government began a process of consultation through its Green Paper for On-demand Transport Innovation. This major communication process involving over 5,000 contributions revealed vastly different perspectives on what needed to be done - although some broad themes did emerge. The broad direction for improvement lay in creating a more flexible, competitive industry, the maintenance of driver and passenger safety, the inclusion of all operators offering on-demand transport services and a simplified, more efficient regulatory framework based on the "chain of accountability" approach to compliance.

An On-demand Transport Advisory Group was formed to enable Department of Transport officers and industry stakeholders to workshop key issues and provide Government with appropriate feedback on its proposed policy framework. This process has provided a relatively clear vision for future regulation of an on-demand transport industry, described below:

- the industry of the future should be governed by one unifying Act covering taxis and charter vehicles operating in both the Perth metropolitan area and country regions;
- taxi drivers and charter vehicle drivers will be covered by the same licensing requirements and a new single "hire and reward" drivers' authorisation issued;
- taxi and charter vehicles and their drivers will be able to compete in the same market offering similar services, the major exception being that taxis will still have exclusive access to the anonymous rank and hail market;
- all entities supplying on-demand services will be covered by the legislation and free to work to their own business model, which may be just one component part of the supply chain. However, they will be held accountable for safety under a regulatory framework based on a "chain of accountability";
- vehicle quality and driver competency would be streamlined and largely devolved to the industry to enable every operator to assess their own risks and define their own brand of customer service;
- maximum metered fares will remain in place and all fares should be transparent to the customer;

- in the Regions, transport providers will be given more flexibility to offer taxi and charter vehicle services in any combination which suits their business model and meets the needs of the community;
- overall, red tape is to be reduced wherever possible. Complex application processes will be simplified and it will be much easier to enter or leave the industry; and
- a “light touch” compliance regime based on the level of risk and the chain of accountability will be introduced, however, non – compliance will carry significant financial penalties.

In considering these broad reforms in more detail, three options were identified.

1. Maintain the status quo (and do nothing beyond what has already been achieved)
2. Become a “light touch” regulator” (without sacrificing driver and passenger safety).
3. Remove all On-demand transport – specific regulation.

An assessment of the regulatory burden of the three options has been conducted. Option 2 was selected in that it rendered significant savings for the industry in compliance costs, without the risks associated with the extreme deregulation implied in Option 3.

Like many significant industry reforms some stakeholders have been finding it increasingly difficult to adapt to the new, more flexible and highly competitive environment. Recognising this, Government has already provided Perth taxi plate owners with a \$20,000 or \$6,000 payment to support adjustment and the Taxi Industry Development Account is being used to provide a Taxi Hardship Fund to assist taxi operators experiencing financial hardship. The Government has also given priority to the development of an industry - funded taxi plate buy-back scheme to give further support..

It is now proposed that Government move forward to the legislative phase. This will involve the repeal of the current legislation in favour of a new single On –demand Transport Act.

In the longer term, the DOT will be working towards a full cost recovery model for the establishment of fees and charges, together with the development of improved IT systems and on –line customer services. However, full cost benefits of reform are unlikely to be achieved before 2020/21.

# 1. Introduction

Western Australia's (WA) on-demand transport industry, consistent with trends occurring nationally and internationally, has been faced with a range of challenges in recent years. Changing consumer expectations, technological advances and the emergence of new providers within the industry is driving a need for reform.

The proposed legislative amendments are intended to replace existing statutes and subordinate legislation governing the taxi and omnibus (charter) industries. Specifically, the proposed legislative amendments will seek to replace the *Taxi Act 1994* and elements of the *Transport Coordination Act 1966* that are related to omnibuses and country taxi-cars, and their subordinate regulations, with a new On-demand Transport Act and regulations.

These legislative amendments constitute an important element of the regulatory arrangements governing the on-demand transport industry. They establish requirements in relation to the provision of drivers, vehicles and booking and dispatch services for taxi and charter patrons and govern the behaviour of all parties.

The primary focus in developing the proposed regulations has been to ensure that essential public safety and consumer protections remain, while allowing the taxi and charter industries the flexibility to compete and grow in the changing market environment.

## 1.1 Current Legislative Context

Historically, WA's on-demand transport industry has been served by taxis and omnibuses (charter), regulated as two distinct categories. Taxis have operated since the 1950s as liveried vehicles providing journeys at metered fares for customers who have either street hailed the vehicle or from a designated rank at the side of the road or phoned a taxi dispatch service. Omnibuses have been a broader group typically offering a more luxury service, generally for special events, airport transfers, tours, or the like, with pre-arranged fares as a charter.

Over the years, the distinction between taxis and charter vehicles has been reinforced through regulation. Legislation and a range of administrative conditions have been imposed on charter vehicles to prevent direct competition with taxis and between Perth and country taxis. Taxis have also been regulated to ensure they offer a clean, reliable service to the community at all times and in all areas.

Detail of the existing legislative framework is outlined in Appendix A. The suite of legislation addresses nine key areas of interest to government:

1. the licensing of people who contribute taxi and charter vehicles to the supply chain for on-demand transport services and their suitability as "operators";
2. the authorisation of taxi and charter vehicle drivers and their suitability for interaction with the public;
3. the inspection and safety of vehicles used for taxi and charter work;
4. the registration of taxi dispatch services and their interaction with passengers in terms of complaint resolution and with the regulator for trip information;
5. the protection of taxi markets from competition with charters and between Perth and regional areas;
6. the behaviour of taxi drivers towards passengers and the payment of fares by passengers;
7. the security and safety of passengers and drivers through requirements for cameras in taxis and vehicle and driver identification for taxis and charters;
8. the setting of fares and methods of payment for taxis; and
9. the provision of on-demand transport services for people with a mobility disability.



## 2. Extent and Nature of the Problem

Transport enables people to access employment, education, recreation and entertainment and is a key aspect of liveability in cities. On-demand transport is a user-oriented form of transport characterised by flexible routing and ad-hoc scheduling of vehicles operating between pick-up and drop-off locations according to the passenger's wishes. It sits between public and private transport and is characterised by the ability of users to summon the most appropriate vehicle for the purpose at hand. 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.

The on-demand transport industry has typically comprised of services offered by:

- taxis, where a vehicle and driver is dispatched to a customer through a Taxi Dispatch Service, secured from a rank or hailed on the street;
- small luxury charter vehicles that are pre-booked by clients;
- limousines and other modified vehicles pre-booked for specific types of trips (weddings, school balls);
- other vehicles of varying sizes used for tours and shuttle work; and
- regular passenger transport vehicles on fixed routes with a fixed timetable.

The Green Paper for On-demand Transport Innovation<sup>1</sup>, released in July 2015 for consultation, outlined the external changes impacting on the industry and the need for significant reform. The major problems facing the industry and the broad direction for improvement centred on industry accountability for safety and the need for innovation and red tape reduction in on-demand transport service delivery.

The objectives of the industry reform are to:

- ensure safe vehicles and safe drivers for the community;
- deliver a safer, more flexible, responsible, innovative and customer service focused 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.

Several factors suggest the need for significant change in the way on-demand transport is regulated in WA to meet these overall reform objectives.

### 2.1 Legislation does not encourage innovation or allow flexibility to meet growing and changing customer demand

Population projections for WA predict an increase from the known base of 2.4 million in 2012 to 3.27 million in 2026 (mid-level assumptions Series C).<sup>2</sup> At June 2015, the population of Greater Perth was 2.04 million people, which was 79% of the state's total population. Between 2014 and 2015, Greater Perth increased by 1.6%, with the largest population growth in WA occurring in the other suburban areas.<sup>3</sup> Population growth outside of Perth has been slow (04% between 2014 and 2015) with the largest and fastest increases in the State's south-west.

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<sup>1</sup> Department of Transport (2015), *On-demand Transport – A Discussion paper for future innovation*, Government of Western Australia

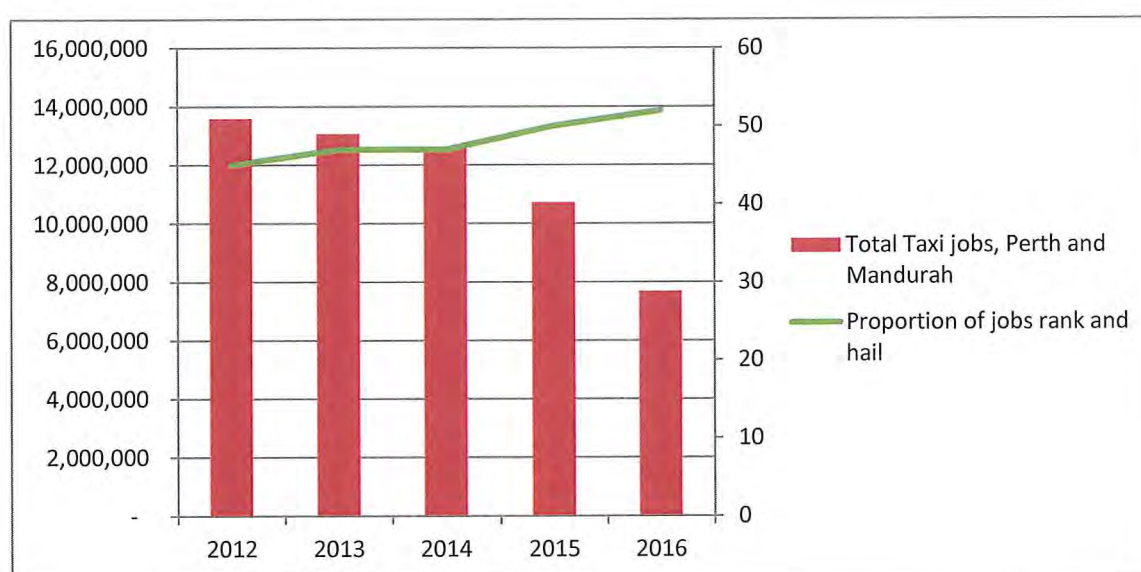
<sup>2</sup> Western Australia Tomorrow Population Report No. 10, Western Australian Planning Commission

<sup>3</sup> ABS Catalogue 3218.0 - Regional Population Growth, Australia, 2014-15

This increasing population will place greater strain on existing transport networks, requiring additional transport infrastructure and an on-demand sector that can grow and adapt to the changing population and consumer demand. The Perth and Peel Transport @ 3.5 Million plan recognises this need, outlining the road, public transport and cycling/walking infrastructure needed to accommodate a predicted 70 per cent increase in Perth's population.

Prior to the entrance of ride sourcing services such as Uber and Shofer in 2014/15, the majority of on-demand customer requests in Perth were serviced by around 2000 traditional taxis through dispatch, rank and street hail. This demand for taxi services has been falling since 2012, with a slowdown in the WA economy, with more marked decreases seen since 2015. In 2016, taxis from the two major dispatchers in Perth undertook almost 8 million passenger trips, split almost equally between those dispatched via a Taxi Dispatch Service (TDS) and those secured from the street through rank and hail. The number of taxi trips has, however, been falling since mid-2013.

**Figure 1. Taxi jobs, Perth and Mandurah 2012-2016**



While the proportion of trips undertaken by taxi has fallen, it is likely that a proportion of the consumer demand for taxi-like services has been taken up by the ride sourcing and other charter sector. Without reliable figures from these markets on the size and nature of their jobs, however, this belief cannot be verified.

The tourism sector also offers a number of challenges with the need for flexibility in the types of on-demand transport services it offers, including airport transfers and chartered tours. The *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 2023. Total visitor nights in Western Australia are forecast to increase by approximately 34 per cent between 2014/15 and 2022/23.

Coupled with the growing demand for trips, is the emergence of information and communication technologies that simplify the user experience for on-demand transport consumers.

The rise of booked on-demand transport services arranged by digital platforms, often called ride sourcing, has seen a rapid and dramatic change in the way customers consume on-demand transport in Australia and around the world. Customers now have higher expectations of the services they want to use, the wait times they are willing to accept and the amount of live information they wish to receive about their on-demand transport service.

Parts of the WA on-demand transport industry have been quick to embrace these technologies and changing customer expectations and respond with new business models that offer a range of services. In July 2016, as a first tranche of reform, a number of administrative conditions imposed on omnibus licences were removed, paving the way for legal operation of companies such as Uber and Shofer into WA. Since that time over 2500 new charter operators have been licensed with the Department of Transport (DoT).

The taxi and traditional tour and charter vehicle operators have been slower to adapt to the changing customer demand and this adaptation has been somewhat hampered by the inflexible legislation that they operate under.

The Taxi Act and its subordinate regulations and administrative conditions impose a number of requirements on taxi plate owners and lessees that prevents or limits their capacity to expand or differentiate, and sometimes even maintain, their service. For example:

- taxi leases only permit a suitable operator to operate a single vehicle and they must be the principle driver of that vehicle. The plates associated with the lease cannot be sub-leased. These provisions were introduced at a time when government wished to ensure that those in the industry were drivers and had direct understanding of passenger needs, however, such thinking in the modern age leads to taxi operators with limited opportunity to increase the viability of their business through expanded delivery (one vehicle can only operate 24 hours maximum and they must drive it for at least 50% of the time). Furthermore, these provisions are problematic for both lessees and the Department when, for health or other reasons, the lessee is unable to drive for a period of time and ceases to be the principle driver. Under these circumstances, the Department is obliged to consider forfeiture of the lease, which removes the service from the market and prevents the operator from earning an income from that lease. The legislation also does not allow reinstatement of a lease which means the previous lessee must go through an Expressions of Interest (EOI) process if they want to reenter the industry when their circumstances change.
- Prior to September 2016, with early reform of the Taxi Act, taxi plate owners were capped at a maximum of five plates per person/entity, limiting their ability to expand their business. The remaining provisions in the Act which limit a taxi lease to a single vehicle also impacts on the ability of a plate owner to sell their right to operate (represented by the taxi plate) to a person who may already be in the industry as a lessee.
- Provision in the Act is made for the issuing of taxi plates that are restricted in hours or areas. Administrative conditions on peak period and area restricted taxis limit the holders of those plates to operating only at certain times or in certain areas, greatly impacting on their ability to expand or modernise their service offerings to the community to meet the changing consumer demand. Additionally, the Act does not allow for ready conversion of these plates to conventional unless the person buys in on the open market or through application for a new conventional lease plate if and when available.
- The provision and requirements for taxis also result in an unequal share of the total taxi service value and in the risk that parties in the supply chain are exposed to. Taxi plate owners, for example, hold the right to operate the service however, unless they operate the vehicle themselves as a driver, are able to pass responsibility for the vehicle's safety and the driver's suitability to other parties to manage. In this regard, the plate owner who acts solely as an investor shares in a considerable proportion of the total taxi service value, leaving the parties bearing the safety and financial risk with little incentive to improve or innovate their service offering to the public.



The *Transport Coordination Act 1966* requires assessment of the suitability of a person or entity to operate an omnibus charter vehicle and allows the imposition of a number of administrative conditions on how and where it can operate. In July 2016 many of the administrative conditions that stipulated minimum fares for some service types, maximum vehicle ages, requirements for tour type services not to charge individual fares or only operate between certain start and end locations were removed. While these early changes have given existing operators more freedom to offer varying types of service and allowed ride sourcing vehicles to operate, the Act provisions can, and are already to some degree, stifling innovation.

For example, the charter vehicle licence is given to a person/company who then has the right to operate a particular nominated vehicle for the purposes of hire and reward. Assessment of the person/company's suitability assumes that the person will be the driver or business owner of the charter service who has interactions with the public, however this is increasingly not necessarily the case.

There are companies that have entered, or are looking to enter, the on-demand transport industry as a provider of pre-authorised vehicles to drivers in the ride sourcing sector that will have no interaction with the public as a driver or booker of the trip. In addition to the administrative burden on the Department of assessing character, this requirement for character suitability and licensing for people solely supplying a vehicle is a disincentive for bus and car hire firms looking to expand into the on-demand transport market.

These charter fleet management companies are looking to fill the same position in the market that a taxi management company, which supplies vehicles with owned taxi plates to prospective drivers, or vehicles without plates to government taxi plate lessees, does for taxis.

Furthermore, the requirements for an omnibus licence to be associated with a particular nominated vehicle, restricts the ability of an operator to bring new vehicles into service at short notice or for temporary purposes when demand requires. Each vehicle brought into service must have a separate omnibus (charter) licence and, under the legislation, the operator should be assessed again for character and service impact on others in relation to that vehicle.

The same situation occurs in the taxi sector where the legislation that allows for substitute vehicles to replace those under repair is cumbersome and restrictive.

The administrative practice to manage these requests for short term or temporary vehicles in the taxi and charter sectors is a constant source of tension between the Department and its on-demand transport provider clients.

## **2.2 Legislation that does not encourage higher safety standards in the industry**

There are three areas of taxi and charter service safety that are currently managed in some way through the relevant Acts and regulations:

- Vehicle related crash risks
- Driver related crash risks
- Driver and passenger assaults and other criminal matters

### *General safety performance of taxis and charter vehicles*

Data on the actual safety performance of WA taxis is limited and almost non-existent for charter vehicles. Table 1 shows that there were 4,511 crashes involving vehicles identifiable as taxis by their number plate at the time of the crash over the period 2011-2015 and that these crashes cost the community an estimated \$152 million over that time in medical treatment and other supports for the victims.

**Table 1. Taxis involved in road crashes by injury severity, WA 2011-2015**

Crash severity	Perth and Country Taxi Crashes No.	Estimated Cost of crash ( in year 2013) \$	Total cost of taxi crashes \$
Fatal	6	2,806,830	16,840,980
Hospital admission	127	620,291	78,776,957
Medical attention required	543	35,943	19,517,049
Property damage only	3855	9,595	36,988,725
<b>TOTAL</b>	<b>4511</b>		<b>152,123,711</b>

The generally higher mileage undertaken by taxis on annual basis leads to an expectation that taxis would be involved in more crashes relative to private motor cars. This is borne out by research<sup>4</sup> presented to the 2005 Australasian Road Safety Research Policing and Education Conference, which compared the safety performance of New South Wales taxis to all cars in that State for the period 1996-2000.

The key results of the study, as summarised in the Victorian Regulatory Impact Statement on Taxi industry accreditation and other matters<sup>5</sup> are shown in Table 2.

**Table 2. Comparative crash rate performance per 100 million vehicle kilometres for NSW taxis, 1996-2000**

Road crash injury severity	Taxis	All cars	Taxi odds ratio <sup>6</sup>
Fatal	0.4	0.7	0.57
Injury	52.3	37.6	1.39
Tow away	88.6	74.8	1.18
<b>Total</b>	<b>141.2</b>	<b>113.1</b>	<b>1.25</b>

Table 3 shows that taxis were involved in crashes at a rate 25% higher than that of the all passenger cars, even when substantially higher average distances covered by taxis is taken into account. As well as total crash rates being higher, taxis were involved in 39% more crashes where one or more people suffered personal injury. Interestingly, the rate of fatal crashes was 43% lower for taxis than for passenger cars generally – a fact possibly due to the nature of Sydney taxi work being predominantly urban where travel speeds are lower and collision forces are within survivable limits for the human body.

<sup>4</sup> Symmons, MA and Haworth, NL (2005) *Characteristics of Taxi Crashes in New South Wales*, Monash University Accident Research Centre. <http://acrs.org.au/files/arsrpe/RS050099.pdf>

<sup>5</sup> Department of Economic Development, Jobs Transport and Jaguar Consulting (2016), *Transport (Buses, Taxi-Cabs and Other Commercial Passenger Vehicles)(Taxi-cab Industry Accreditation and Other Matters) Regulations 2016 – Regulatory Impact Statement*.

<sup>6</sup> i.e. ratio of taxi accident/fatality/injury rate to that of all vehicles.

While the NSW research is somewhat dated, there is little to suggest that the key finding - that, on a per kilometre basis, passengers are at greater risk of being involved in a crash and being injured as a result in a taxi than in a private vehicle - would be any different today.

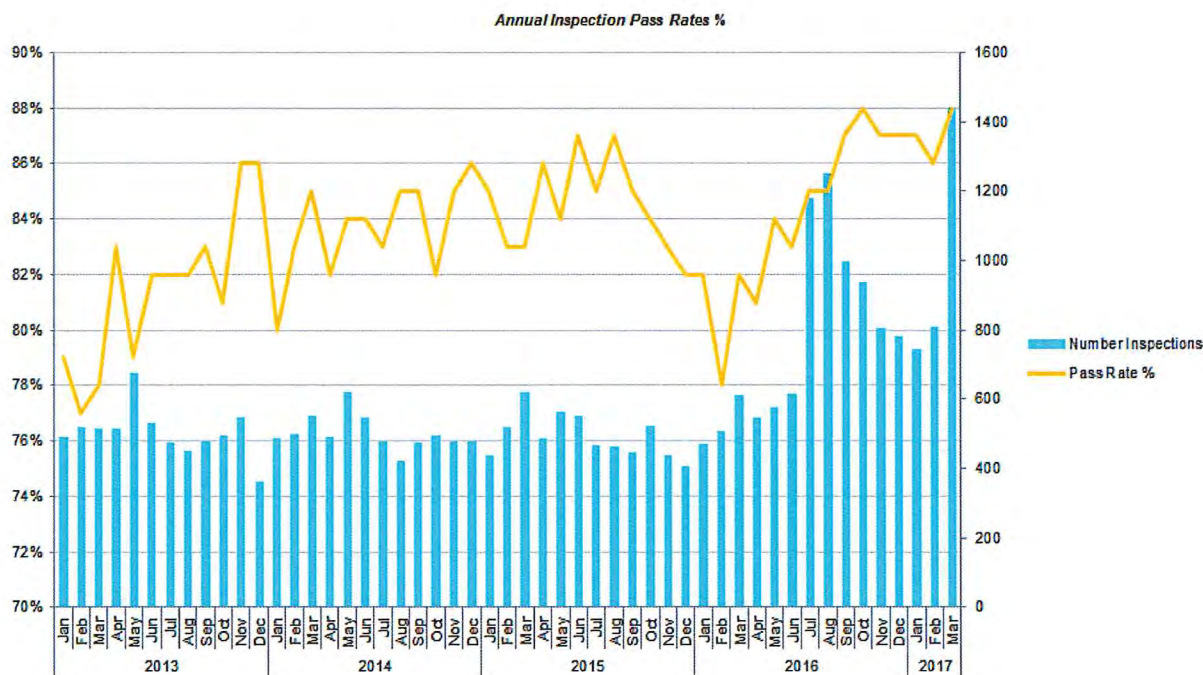
*Vehicle-related road safety risks*

The legislative framework for both taxis and charter services require the use of vehicles that are maintained in a roadworthy condition at all times. The Department imposes a minimum requirement for all hire and reward vehicles to have an annual inspection against vehicle standards for roadworthiness and then monitors and actions compliance through on-road observation of defects.

The greater distances travelled by taxis, and potentially the new ride sourcing vehicles that operate in a taxi-like fashion, place higher wear and tear on the vehicle. Similar, charter vehicles offering tours may do high kilometres or long distances over varied terrain. Frequent maintenance of the taxi and charter vehicle is therefore essential to ensure it remains in a safe and serviceable condition.

Figure 2 shows the number of on-demand transport vehicle inspections conducted each month in WA and the pass rate since January 2013. The introduction of the charter vehicle licence category in July 2016, which required all ride sourcing vehicles to be inspected, is evident in the number of vehicles going through the inspection process. Pass rates per month range from lows of around 78% to a high of 88%, with a slight upward trend in pass rate over time. It is apparent, that around 10-20% of vehicles fail inspection at any point in time.

**Figure 2. Annual WA Hire and Reward Vehicle Pass Rates, 2013-2017**



### *Driver related road safety risks*

Regulations have been put in place to give the Department some oversight of the drivers that are ferrying passengers for hire and reward. Minimum requirements stipulate the age and level of driving experience a person must have before being allowed to drive for hire and reward and processes are in place to assess and take action in relation to their suitability through monitoring of traffic and criminal charges and medical conditions.

There is little gathered evidence regarding taxi driver's attitudes to road safety and research is poor in relation to the extent their engagement in aberrant driving behaviours. A 2007 study by the Centre for Accident Research and Road Safety in Queensland<sup>7</sup> analysed the self-reported attitudes of a sample of Queensland taxi drivers and found that taxi drivers were more likely to report engaging in aggressive driving acts than speeding violations and believed speeding was more acceptable compared to drink driving, following too closely or engaging in risky overtaking manoeuvres. Importantly, the analysis also indicated that individuals who engaged in a higher level of aberrant driving behaviours (e.g. aggression & speeding) were also more likely to report other less safe driving attitudes.

Table 3 below shows that over 400 taxi extension holders had their general driver's licence suspended or cancelled or the T extension cancelled for traffic related offences in 2015-16. Comparable figures for F extension holders are not readily available in relation to their MDL, however, there were 5 F extensions cancelled by the Department due to their recorded traffic transgressions.

**Table 3. Taxi driver prohibitions and F/T cancellations due to traffic, 2015/16**

Prohibitions	Number
Taxi MDL suspended	171
Taxi MDL fine suspension	275
Taxi MDL cancellation	0
T cancelled traffic	2
F cancelled traffic	5

### *Assaults and other criminal matters*

Assaults and other matters of a serious criminal nature can occur in any taxi or charter interaction, however, it appears to be more prevalent in the taxi market. This is partly due to the anonymity of the drivers and passengers to each other in rank and hail situations, the lack of pre-agreed fares, and the use of cash. These factors are exacerbated in taxis where passengers are often also vulnerable, for example a non-English speaking visitor to an unfamiliar city or area, intoxicated or unwell, or carrying a mental or physical disability.

The safety of drivers and passengers in relation to assaults and other criminal matters is managed through legislative provisions that require assessment and continued monitoring of taxi and charter driver suitability for character, as well a range of requirements for taxi security cameras, maximum metered fares and pre-booked fares to be agreed in advance. Taxi dispatch services are also obliged to deal with customer complaints and refer all

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<sup>7</sup> Rowland, B., Davey, J., Freeman, J. & Wishart, D. (2007), *A Profile of Taxi Drivers' Road Safety Attitudes and Behaviours: is Safety important?*, Centre for Accident Research and Road Safety, Institute of Health and Biological, Innovation, Queensland University of Technology, Beams Road, Carseldine, Queensland, Australia.



matters of a serious nature to the Department for referral and investigation. Voluntary mitigations also exist in the form of the ability to require fare deposits, install driver barriers and use purpose built taxis.

Incident reports and matters referred to DoT indicate a maintained prevalence of criminal activity and activities of a serious nature occurring in taxis. Information on safety incidences in the charter sector are less transparent due to the absence of requirements for operators to provide complaints and trip data or use camera surveillance units. This notwithstanding the prevalence of safety incidences in the charter sector appear to be legitimately lower than taxis for the reason outlined above.

The current regulations require all taxis in Perth to have security cameras installed and operating at all times that the taxi is in use. WA Police and/or DoT will request downloads of camera footage in response to reports of an offence having been committed in a taxi, as well as in cases where taxi cameras may assist in the apprehension and/or conviction of an offender who has committed an offence elsewhere, but has been captured on the taxi camera (Figure 3).

**Figure 3. Monthly Perth taxi camera downloads, 2013-2017 YTD**

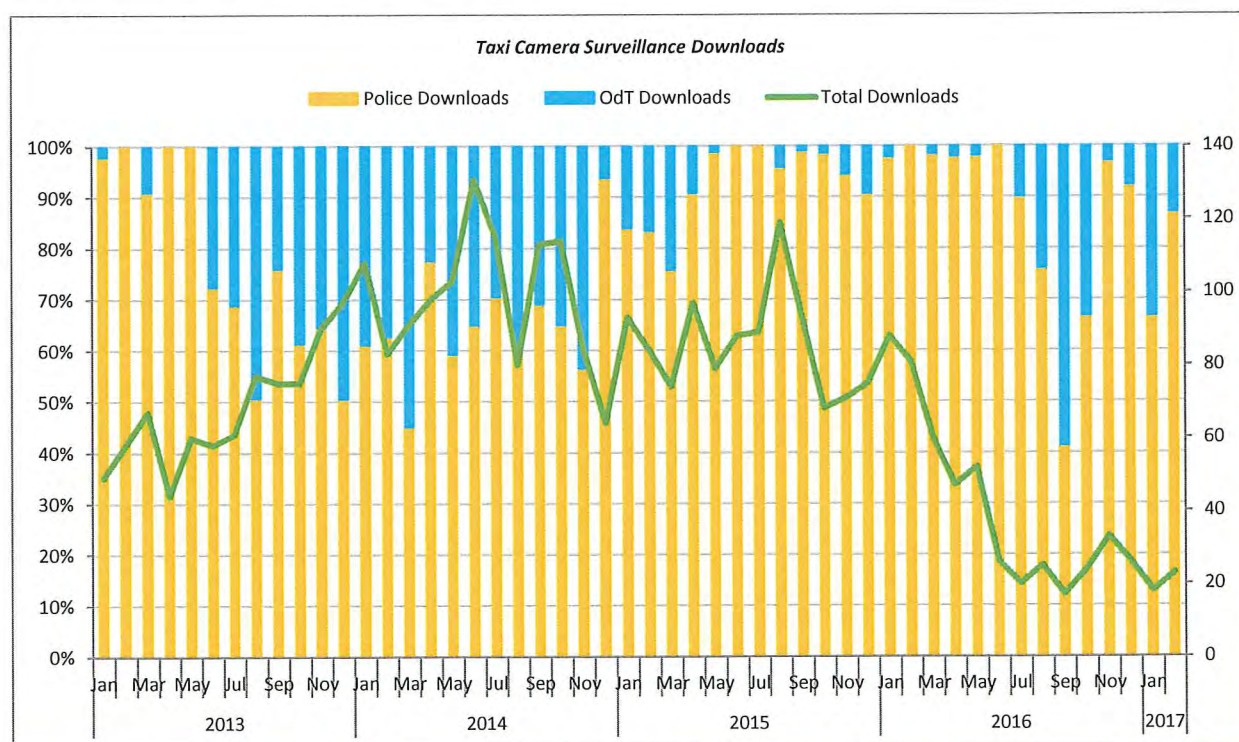


Figure 3 shows that taxi camera downloads average around 90 per month during the two year period 2014 and 2015 and has fallen since that time. This fall reflects a reduction in the number of downloads being requested by Police, which may be due to less incidences occurring or fewer Police resources being devoted to securing of images for various offences.

### *Summary of safety problem*

The previous data shows that there are serious safety concerns associated with on-demand transport services with:

- over 400 taxi and charter drivers per year having their right to drive for hire and reward revoked or suspended for a period;
- around 10-20% of hire and reward vehicles failing inspection;
- taxi security camera download requests being required at rates previously up to 90 per month; and
- crashes involving taxis alone costing the WA community over \$30 million per annum.

It is apparent that the Taxi Act and Transport Coordination Act provisions that establish a minimum level of safety in the industry may not be sufficient. The current legislation provides little incentive for the people who are dispatching or booking vehicles to see the potential crash risks posed by driver suitability and vehicle roadworthiness as their responsibility and to work with drivers and vehicle owners/managers towards delivering higher standards for the paying customer for each and every trip. Similarly, the requirement for taxi dispatchers to refer serious criminal matters to DoT for investigation abrogates their responsibility to appropriately manage the risks to their dispatched drivers and the passengers who are paying for the service.

### **2.3 Legislation that leads to inconsistent treatment of like services, including barriers to entry for some markets**

The current legislative framework has a number of provisions that effectively result in inconsistent treatment of service providers in the same industry. These include, but are not limited to:

- restrictions on the number of taxi plates that can operate in the market but not on the number of charter vehicles;
- provisions that restrict Perth metropolitan and regional taxis from operating outside their respective areas while charter vehicles are free to operate statewide;
- requirements for country taxis to operate a service 24/7 but not taxis in Perth; and
- taxi vehicles in Perth requiring security measures such as cameras and additional public liability insurance but the same is not applicable to country taxi-cars or charter vehicles.

There have been three significant reports in recent years that have examined issues related to the on-demand industry in Perth that have confirmed the economic dis-benefits arising from quantity and other restrictions to trade in the taxi and charter markets.

On 28 July 2014, the Economic Regulation Authority (ERA) released its Inquiry into Microeconomic Reform in Western Australia<sup>8</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.

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<sup>8</sup> Economic Regulation Authority (2014), *Inquiry into Microeconomic Reform in Western Australia: Final Report*.

The ERA concluded that the regulations governing taxis in WA have resulted in taxi services being expensive, under-supplied and unreliable. The ERA estimated that removing the restriction on the quantity of taxis would result in a reduction in the price of taxi fares and generate a benefit to taxi passengers of around \$47 million per annum.

In October 2014, the RAC released the *Review of Aspects of the Taxi Industry in Perth and Western Australia*<sup>9</sup>, authored by Professors Alan Fels AO and David Cousins AM. 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>10</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."

## **2.4 Complex regulatory requirements that place unnecessary burden on the industry (red tape)**

The key provisions of the legislation that require people or companies who wish to operate a taxi or charter vehicle to be assessed for suitability are an unnecessary burden on industry that appear to provide no additional safeguards for the public beyond that already provided by authorisation of the driver for hire and reward and inspection of the vehicle being used.

In the taxi sector, this character suitability assessment is applied through requirements for an EOI process for potential lease plate holders and scrutiny of potential purchasers of owned taxi plates. In the charter market, everyone wishing to provide or operate a vehicle must be assessed and licensed as an operator, regardless of whether they intend to participate in the industry as a booking service or driver with interactions with the public. Unless the taxi and charter operators are driving and subject to ongoing review of traffic and criminal charges, there is no mechanism for monitoring their continued suitability as an operator, beyond self-reporting or gathering of intelligence from third parties.

In requiring all those driving or associated with an on-demand transport vehicle to be licensed by the Department as a taxi plate holder or charter operator, there are a number of forms to be completed and statements to declare. These relate to things such as:

- financial interest in a vehicle to be used for charter work;
- declaring which category of Motor Injury Insurance (compulsory third party) a person want applied to the taxi or charter vehicle, depending on its carrying capacity and area and type of work; and

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<sup>9</sup> Economic Alternatives Pty, Ltd. (2014) *Royal Automobile Club Review of Aspects of the Taxi Industry in Perth and Western Australia*.

<sup>10</sup> Commonwealth of Australia, The Australian Government Competition Review 2014

- statements around what the purpose and type of use a charter vehicle will be used for as a basis of assessment against its impact on other services.

Many of these manual paper interactions can be removed entirely or transferred to electronic interactions.

While it is expected that any business delivering a service to the public has its own protocols in place for managing customer queries, administrative conditions made under the Taxi and Transport Coordination Acts include requirements for the keeping of specific records and procedures for managing customer complaints about the quality of a taxi or charter service. These mandated requirements may be beyond what is reasonably necessary for the individual dispatcher or booker's circumstances or duplicate their own customer service delivery policies. They also do not readily relate to the Department's primary focus on safety.

The current legislation also requires both country and metropolitan taxi drivers to have an identification card that includes a photo that is separate from that on their driver's licence. This results in taxi drivers in Perth having to attend the On-demand Transport Business Unit in East Perth every two years to take a new photo and have a new ID card issued. Similarly, regional taxi drivers must present for a new photo and ID card to a regional DoT licensing centre or agent.

## **2.5 Lack of visibility by government of services in the non-taxi sector**

One of the key roles for government is to ensure provision of the services that the community requires to an optimal level. For most goods and services, private enterprises will deliver these into the market at levels dictated by the laws of supply and demand. For transport services, such as the provision of roads and public transport networks, the costs of provision, or the prices recoverable from the consumer, do not lead to optimal service provision by the private sector. In these situations, government must step in and either directly provide the service or support industry to deliver at an appropriate level.

The current legislative framework recognises taxis as a service that benefits from government intervention and requires those entities who are registered to dispatch taxi vehicles to customers in Perth to provide DoT with information on the number and nature of the journeys undertaken and those requests that are not fulfilled. This information gives DoT good visibility of current industry performance and gaps in service for customers in particular Perth metropolitan areas and for particular vulnerable groups such those with a mobility disability.

Similarly, operators of charter vehicles are required under their licence conditions to maintain records for each journey detailing:

- the time and date of commencement and completion;
- the make and licence plate number of the vehicle used;
- the identity of the driver;
- the picking up and setting down location;
- the fare charged;
- the name of the person who booked the trip and whether they are a passenger; and
- any financial records and receipts to support claims for subsidies.

These charter vehicle jobs are required to be recorded but they are not routinely provided to DoT. While information for Perth taxi industry performance is available, there is no visibility of performance in the regional taxi and statewide charter markets. There are no corresponding provisions in the Transport Coordination Act and regulations that compel operators to furnish the records required to be kept on dispatched jobs to DoT. In this regard, the government has no way of reliably assessing the size or existence of any market failure in areas outside of Perth, where people may require taxi-like or tourism charter services to be provided.



### **3. The need for Government intervention**

As outlined in the On-demand Transport Green Paper, most industries are regulated to ensure that industries operate in a safe manner and maintain honesty and transparency wherever possible.

The regulation of on-demand transport 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.

The Green Paper highlighted the problems associated with an overly prescriptive regulatory environment for metropolitan taxis. These included:

- a taxi industry that is too dependent on the regulator and, rather than respond proactively to changing market conditions, 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
- a taxi industry that has a tendency to avoid taking responsibility for the services it provides

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.

Notwithstanding this push for increased accountability by industry, there are still valid arguments for continued government intervention in the regulation of a safe on-demand transport industry.

The focus for DoT as the modern regulator going forward is to ensure that on-demand transport services do not result in injury or death to any driver, passenger or other road user. As discussed above, this harm can come as a result of vehicle to vehicle or vehicle to object collisions or by sexual, physical and mental violence to a driver or passenger.

The general community understands the risks posed by violent drivers and has an expectation that DoT has some oversight of on-demand transport drivers in terms of their character suitability for on-demand transport work. The community do, however, as a general rule, under-estimate the risks posed by injury from vehicle crashes (not just in the on-demand context but across all travel). This risk comes from both the driver and their driving competency and attitudes as well as the roadworthiness of the vehicle being driven.

When accepting rides in private vehicles, passengers generally have some relationship with the driver, either as family or friend. They are well positioned to gauge the safety and security risks posed by the driver and the vehicle, based on their prior knowledge of the person. This is not the case when a person engages a driver and vehicle for an on-demand trip.

Government regulatory oversight of the drivers and vehicles used for hire and reward gives the community a certain degree of confidence in their suitability, in lieu of their own prior knowledge of the person and their vehicle. Authorisation of drivers and vehicles provides the community with a "tick of approval" that they meet minimum safety standards at the time of authorisation and through ongoing monitoring.

Regulatory oversight of the booking dispatchers also provides some assurance to the public that these entities have protocols in place to, not only to monitor and address the safety of the drivers and vehicles being dispatched, but to manage complaints and issues raised by their customers.

Governments worldwide choose to deliver this oversight of the safety of drivers and vehicles through two key means – periodic vehicle inspections and medical assessment of a person's the fitness to drive.

For a vehicle to be considered roadworthy it must comply with Western Australian Road Traffic Vehicle standards and the relevant Australian Design Rules (ADRs). These contain mandatory requirements for the safe design, construction and maintenance of vehicles and for the control of emissions and noise.

The rationale behind periodic motor vehicle inspections (PMVI) is to reduce the potential for vehicles with technical defects to be operating on the roads. While crashes directly resulting from vehicle defects in the general fleet make up a small proportion (~5%) of total crashes, the major defects detected at inspection can contribute to the occurrence or severity of the crash resulting from other causal factors (ie poor brakes can mean higher speeds at impact or failure to avoid a collision). It is possible therefore that the contribution of vehicle defects to crashes and injuries is under-estimated in the literature.

International research over many years paints a varied picture of the effect of PMVI on safety outcomes. The literature in Australia generally concludes that, for all vehicles, while previous research has identified some safety benefits accruing from periodic vehicle inspection programmes, such benefits may not be sufficient to justify the costs of such schemes.

Notwithstanding this, a 2015 Australian study<sup>11</sup> specifically looking at the safety implications of taxi and hire car age limits in Victoria reported that most associated with the industry believe that the annual vehicle inspection regime in that State was both important and effective for ensuring the safety of taxis and hire cars. Some respondents felt that without the inspection process some operators would fail to adhere to minimum safety standards, contributing to a reduction in passenger safety and/or to a poor public perception of the industry's commitment to customer safety and satisfaction. A small proportion of stakeholders felt that annual inspections are more about providing a public perception that safety is being monitored. A large proportion of respondents agreed that the annual inspection only provides a 'snapshot in time' of the safety of a vehicle and that random or targeted inspections at other times are also needed.

With the benefits of a motor vehicle inspection program for the individual motorist stemming from enforced maintenance of the vehicle, requiring a smaller subset of vehicles with the highest potential risk to undergo annual inspection may be justified in terms of cost benefit. We do know that vehicle defects contribute to crashes (albeit small %) and that the potential for any defect to contribute to a collision increases with exposure (time on the road).

This is supported by a European study<sup>12</sup> which showed that 54% of all passenger cars with an age of 7 years have a vehicle defect and that at inspection-day this was only 16.9%. The number of defect vehicles was therefore lower by 37.1 percentage points, because of repairs or remedies prior to inspection. For commercial vehicles the defect rate before the inspection was estimated at more than three times higher than the share of vehicles with defects at the

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<sup>11</sup> Newstead, S. et al (2015), *Research on the Safety Implications of Taxi and Hire Car Age Limits*, Monash University Accident Research Centre, Melbourne, Australia.

<sup>12</sup> Schulz, Wolfgang H., (2011), *Cost-Benefit Analysis for Transport Policy Considerations: A European Trade-Off between Consumer Benefits, Welfare Effects and Administrative Burden*.

inspection day, bringing the cost benefit ratio for the Belgian annual PVMI regime for commercial vehicles to 24 (as opposed to 8.7 for passenger vehicles).

Quantification of the safety performance of taxis and hire cars in the Victorian study also showed that, despite analysis of data on targeted and random roadworthiness inspections of taxis and hire cars by the Taxi Services Commission (TSC) showing a clear increase in the rate of vehicle defects and un-roadworthy vehicles over time, there was no identified association between crash risk per vehicle, year of exposure and vehicle age. This suggests that, within the current operating age limits, the TSC random and targeted inspection regime at least is effective at identifying vehicle defects before they potentially lead to crashes, albeit noting the likely weak relationship between vehicle defects and crash risk.

The decision on whether to require a periodic inspection for taxis, charter vehicles and other omnibuses therefore hinges on whether the costs of achieving low vehicle defect rates is outweighed by the likely safety benefits. The research from Victoria suggests that random roadside and targeted vehicle inspections at a certain level will have a positive effect, however, also evidence suggests that an annual PMVI scheme for high exposure vehicles such as taxis, buses and charter vehicles will also result in lower defects.

In relation to medical assessment by drivers of their fitness to drive, WA has adopted a regime of mandatory reporting of health conditions for all drivers, as part of the driver's licence. This requires self-awareness by the driver of their health, or that of a family member, and the cooperation of a medical practitioner once a person chooses to seek medical opinion.

As with vehicle inspections, a mandated requirement for particular professions such as taxi and charter drivers to have a medical at regular intervals forces the person and their family to assess their health status in relation to professional driving and then confirm this through expert medical opinion, rather than solely rely on self-assessment.

#### **4. Objectives of the regulatory reform**

To address the issues identified in Section 2, and to bring about the necessary change in industry culture to meet safety concerns and changing customer expectations, the proposed legislative reform seeks to provide a simpler, less prescriptive regulatory environment that:

- delivers an industry that is accountable for the provision of safe and on-demand transport services, consisting of
  - Hire and reward drivers
  - Owners and managers of the vehicles used
  - Individuals and companies who link a passenger requesting a trip with a driver and vehicle for the journey (booking/dispatch services), with responsibility for
    - fare transparency and
    - customer service and complaints resolution
- allows individuals and companies working in the on-demand transport industry to determine their own business operating models that meet assessment of their customer demands and are free to innovate, enter or leave markets with ease;
- has consistent requirements for players within the industry based on the nature of the service being provided;
- makes it easy to enter and exit the on-demand transport industry and to operate fairly within it; and
- allows government to have a good understanding of the size, nature and performance of on-demand transport services for planning purposes and ensuring that regional and vulnerable groups have reasonable access to services.

The proposed reform will take a number of years to fully realise and, in the meantime, there is a desire to support the Perth metropolitan taxi industry through the transition. In this regard, the proposed legislative amendments will also deliver:

- a voluntary buy-back scheme for Perth owned taxi plates;
- a mechanism to fund the buy-back scheme from industry contributions;
- a cap on the number of taxi vehicles that will be allowed to operate for a period up to 4 years; and
- arrangements to close the Taxi Industry Development Account (TIDA), which is a specialist fund that contributes to the research, development and promotion of Perth metropolitan taxis.

Achievement of the objectives will be monitored and reported internally through measurement of:

- customer perception of the safety of the on-demand transport industry statewide
- road injuries involving taxi and charter vehicles
- assaults and other criminal matters involving taxi and charter drivers and their patrons
- taxi and charter client transactions performed online

Formal reportable Key Performance Indicators will be developed, together with appropriate targets, as part of the implementation of the reform.

## **5. Consultation**

Extensive stakeholder consultation on the broad direction of on-demand transport reforms has been undertaken.

The On-demand Transport – Discussion Paper for Future Innovation Green Paper (Green Paper) was released for public and industry comment on 24 July 2015 for 12 weeks. The Green Paper was extensively promoted and received 5831 responses via email, post, online survey and questionnaires held in shopping centres in Perth and five regional centres.

Table 4 overleaf provides a summary of the submissions received and where they originated.



Table 4. Green Paper consultation submissions received



The submissions indicated that there are divergent views held within the industry and by users of the industry. While there was one overriding conclusion – that there was broad support for some kind of reform - there was no consensus on exactly what form that reform should take. However, the vast majority of respondents supported a simplification of regulation and an enforced level playing field in on-demand transport. There was majority support in the online survey for a range of mandated provisions to ensure continued passenger and driver safety, and industry accountability.

Areas of concern expressed by some stakeholders during the Green Paper consultation, and considerations to mitigate these, included:

- Uber as an on-demand transport operator - this is generally from the taxi industry with the concern largely being that the company is operating outside the law (at the time of consultation). This has been dealt with by amending administrative practice and regulation to allow Uber drivers to enter the legal marketplace.
- the proposed licensing framework – this was a concern from metropolitan taxi drivers, passengers, taxi plate owners and vehicle owners rather than drivers and users of unregulated market entrant services. This is proposed to be addressed by simplifying the licensing framework and making it more flexible, with easy entry and exit from the industry.
- mandatory camera surveillance –unregulated market entrants, country taxi-car and small charter vehicle drivers who are not currently required to have cameras expressed concern that mandatory cameras would be imposed. The requirements for cameras would be imposed only on those services which are considered anonymous that is, are not pre-booked. Pre-booked services would be required to mitigate the safety risks of operating a passenger vehicle without a camera through an exchange of information of the passenger, vehicle and driver.

- the same licence fees for all on-demand sectors – this has been a concern from the small charter vehicle and unregulated market entrant sectors who operated with low or no fees, compared to higher fees for taxi lease plates. Plate fees were decreased in line with cost recovery principles to mitigate this concern.
- the removal of quantity restrictions on plates– this has been a concern from metropolitan taxi drivers, plate owners, who have experienced significant costs in purchasing their taxi plate and are concerned about increased competition. This was mitigated to some extent by establishing the transition assistance program and removal of the cap on taxi plate quantities.
- licence fees and other aspects of the regulatory framework being the same in regional and metropolitan areas – this has been a concern from country drivers and taxi plate owners, who operate under reduced fees and conditions compared to metropolitan plate owners.
- upfront agreement of fares – this has been a concern from drivers who do not currently operate this way. This option is being supported to encourage transparency and certainty for customers and drivers.
- giving the Regulator the power to seize and search technology devices – this has been a concern of unregulated new market entrants who currently have little interaction with the government through their business operations.

The broad direction of the Green Paper has been further refined in consultation with stakeholders and other Australian jurisdictions. A key change from what is proposed in the Green Paper has been the elimination of the notion of a taxi/charter vehicle operator licence, as an unnecessary regulatory construct.

#### *Consultation post Green Paper on specific issues*

The On-demand Transport Advisory Group (OdTAG) was established to provide non-binding strategic advice and feedback to the Minister and DoT for on-demand transport reform issues, including those of regional Western Australia. A workshop format was adopted for consideration of the proposed reform policy framework.

A series of workshops attended by a wide variety of relevant stakeholders and experts were held between July and January 2017. The workshop dates and topics covered were:

- 14 July 2016 – setting the scene – reconfirming objectives of the reform
- 28 July 2016 – licensing and operations framework – discussion around conversion of taxi plate types and charter licences to a single on-demand vehicle authorisation, driver authorisation requirements and driver identification, security cameras for vehicles, the use of meters and general issues around security and safety (such as rank patrols)
- 23 August 2016 – chain of accountability and the collection of data and records
- 8 September 2016 – specific regional issues – licensing framework, logistics of rollout of cameras, taxi boundaries, chain of accountability
- 7 October 2016 – roles and responsibilities of booking and dispatch services
- 17 October 2016 – topics identified by industry – goals for customer outcomes, levies to support compensation, entry cost to the industry and enforcement of rules and options for management of safety
- 2 December 2016 – progress of reform stage 1, customer survey
- 19 January 2017 – presentations on Motor Injury Insurance and proposed Small Business Development survey of taxi and charter customers

Since March 2017, Dr Tony Buti, Member for Armadale has been consulting with industry stakeholders about their concerns and the direction of the reform.

General and specific feedback on the reform is discussed below. Full notes from each workshop are available on the Department's on-demand transport reform website at <http://www.transport.wa.gov.au/taxis/on-demand-transport-advisory-group.asp>

Generally, the workshop discussions and feedback from industry representatives indicate that the importance of new legislation to remove restrictions on the taxi industry, enabling a level playing field for competition and innovation, and to allow for a chain of accountability and less red tape, is understood and supported by the industry.

Taxi industry representatives appear reluctant to embrace change and seem still heavily reliant on an environment in which the regulator sets detailed rules by which the industry must abide. The taxi industry representatives also believe 'a level playing field' means everything must be the same for all and do not differentiate between the risks associated with taxi rank and hail and pre-booked charter hiring. For example, they believe cameras should be mandated for all on-demand transport operators, or none, not just taxis.

The attitude of new entrants is more flexible and open to technological and operational innovation. Their concerns are clearly focused more on consumer needs and cost of entry to the industry by service providers, i.e. drivers and vehicle owners.

Taxi industry representatives, particularly those associated with taxi plate owners (including management companies), remain focused on financial matters, some are dissatisfied with the Transition Assistance Package and believe additional funding is required to compensate industry for the recent disruptions of both new entrants and changes imposed by the Government.

Regional operators have expressed concerns at the encroachment of new market entrants in their territory and the prospect of 'cherry-picking' jobs at peak times leaving the less lucrative jobs during normal times. Some regional operators believe they should be given adjustment support. However, unlike Perth metropolitan taxi plate owners, there is no evidence that regional operators purchased Government owned plates. They hold perpetual licences that were secured through a Government expression of interest process or acquired as part of a business purchase.

There is an increasing understanding of the need for industry to take greater responsibility; however, industry requires assistance to understand what this may mean in an operational sense and how it can take reasonable steps to ensure the safety of drivers, vehicles and passengers. It was acknowledged that legislation and systems development, including more efficient online billing and management systems, are required to allow for the sharing of relevant information with industry participants to enable them to better meet their responsibilities under a new Act.

Discussions were held with industry specifically around the proposed requirement for provision of key records on the start and finish date, time and location of taxi and charter jobs. The concerns expressed revolved more around the need to preserve the commercial confidentiality of their businesses, rather than whether the provision of such data would be a significant impost on their day to day operations. There was limited awareness at the time that the information to be provided to DoT on job start and finish dates, times and locations is a sub-set of that already required to be kept under their existing charter and taxi licence operating conditions.

## 6. Vision for a reformed on-demand transport industry

The vision for a safe on-demand transport industry, with industry accountability and freedom to operate within a framework of light touch regulation and streamlined administrative processes, would manifest in the following ideal behaviours being observed:

**Table 5. Table of ideal industry behaviours post reform.**

Objective	Ideal behaviours
Safe and accountable industry	Dispatch and booking services are aware, regularly monitor and address the suitability of the drivers they are dispatching work to ie have capacity to check driver DL, criminal and medical status on sign up and ongoing while in their "employ"
	Booking services are aware, regularly monitor and address the potential risks posed by passengers and other road users to the safety of the drivers who are dispatched to jobs
	Booking services are aware, regularly monitor and address the roadworthiness of the vehicle that is being dispatched – ie have capacity to check whether the vehicles being dispatched meet ADRs and are roadworthy at all times
	Booking services provide receipts and suitable avenues for customers to address issues related to the service they received
	Vehicle owners maintain the vehicles that are being used for hire and reward to roadworthiness requirements at all times and advise booking/dispatchers when a vehicle is not available for hire due to not meeting roadworthy requirements
	Drivers take responsibility for their own fitness to drive by reporting medical conditions to DoT as part of their DL and reviewing their medical suitability for the work on a routine basis and advising booking/dispatcher accordingly
	Drivers take responsibility for their traffic and criminal transgressions and continually assess their suitability for hire and reward work and advising booking/dispatcher accordingly
	Drivers take responsibility for their safety by assessing the risks of driving in certain areas or at certain times
	Customers take responsibility for their safety by: <ul style="list-style-type: none"> <li>requesting their journeys through a booking/dispatch service that can demonstrate that it monitors the safety and suitability of its drivers and vehicles</li> <li>only getting into the vehicle that they have booked with the driver that has been assigned to them by the dispatcher/booking agent</li> <li>only getting into vehicles that have adequate safeguards such as identifiable signage, security cameras and identifiable drivers if hailed off the street or secured from a rank (anonymous, not pre-booked)</li> <li>keeping receipts and records of the journey in case of follow up</li> </ul>
	Booking services, drivers and vehicle owners report serious safety incidents to DoT for awareness and industry safety performance monitoring

Objective	Ideal behaviours
Innovation in the industry and freedom to determine own business operating models to attract and grow customer demand	Booking and dispatch services can dispatch any type of vehicle to a requested pre-booked job, depending on the customer's requirements
	Drivers can source their jobs from any number of booking/dispatchers according to their own needs or become their own booking/dispatcher
	Vehicle owners can offer any number or type of vehicles for use by drivers for hire and reward and can add or subtract vehicles from their hire and reward fleet as they wish
	Booking/dispatchers business models for delivery can vary depending on the market being sought and can be flexible to move between markets if desired
	Booking and dispatchers can market their services state-wide and can differentiate their service offerings on the basis of price, safety, quality
Consistent requirements for driver, vehicle and booking/dispatch service providers doing the same type of on-demand transport work	Individuals or entities booking or dispatching drivers and vehicles to customers prior to a particular journey commencing are subject to the same requirements, regardless of what the journey is for or what type the vehicle is
	The requirements for individuals or entities offering drivers and vehicles for anonymous trips are consistent
	Customers know the fare before the journey commences for a booked hire or have an understanding of the potential fare amount for an anonymous rank and hail trip
On-demand transport industry that is easy to enter, exit and operate within (minimal red tape)	People with an existing WA drivers licence can readily drive for hire and reward after assessment of medical and character suitability
	People who own roadworthy vehicles registered in WA can readily use them or make them available for use by others for hire and reward
	Suitable individuals and companies can readily offer their services to the community as a provider of on-demand transport booking/dispatch services
	On-demand transport service provider customers can transact with DoT easily at a time that suits them
Government has useful, industry-wide information on the size, nature and performance of on-demand transport services and can act on that information to ensure provision of service to vulnerable groups	All sectors in the industry provide accurate and timely information on the number and nature of trips undertaken to DoT
	DoT understands the nature of vulnerable markets and has the tools to ensure the market responds appropriately – eg wheelchair accessible vehicles for people with a mobility disability; affordable on-demand transport fares for people who rely solely on these vehicles for their journeys (Taxi User Subsidy Scheme)

A key change to achieve the vision described above is elimination of the need for individuals and companies to be licensed by the Department as an “operator” of a vehicle used for hire and reward, relying instead on the existing safeguards inherent in the licensing of on-demand drivers and vehicles. Removal of the notion of a “licence” to operate a taxi or charter vehicle eliminates many of the unwieldy and increasingly unnecessary requirements around:

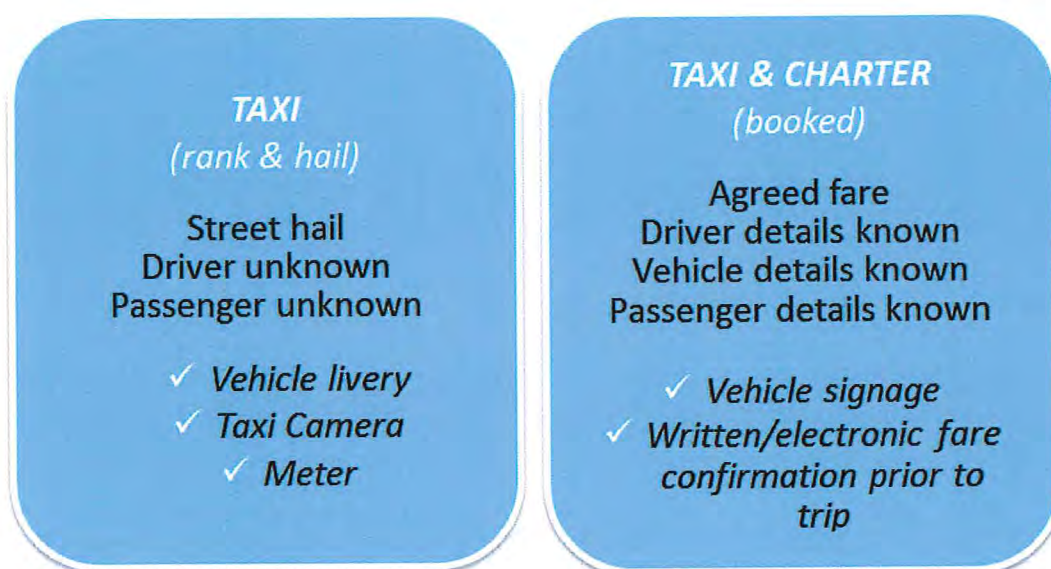
- assessments of character for people not intending to participate in the taxi or charter industry as a driver or vehicle owner;
- expressions of interest for release of additional taxi plates to the market;
- transfers of owned taxi plates;



- taxi lessees having to be the principle driver; and
- assessment of the need for services in regional areas as part of the release of country taxi-car licences.

Complementary to these changes is an increased responsibility for booking and dispatch services to monitor the continued safety of the drivers and vehicles they dispatch to a customer's request and to report to DoT only those incidents of a serious safety nature. The legislation would remove requirements on the Department to intervene when issues of service reliability arise, such as fare evasion by passengers, lost property and other minor driver conduct.

As part of this vision, restrictions around Perth and country taxi numbers and areas of operation would be removed to facilitate the delivery of competitive, customer-oriented services by whatever vehicle is deemed the most suitable for the journey's purpose. Central to this is consideration of the nature of the on-demand transport journey, whether it is pre-booked as a charter or taxi or secured as an anonymous rank and hail taxi fare. The nature of an anonymous rank and hail journey brings with it the need for additional safeguards such as security cameras and transparent pricing.



Appendix B depicts the current and proposed licensing framework for actors within the on-demand transport industry.

## 7. Policy options considered

In achieving the vision for the on-demand transport industry, three feasible options were considered:

### 7.1 Continue with the status quo

The current legislation manages the licensing of drivers, operators of vehicles and taxi dispatch services and their interactions with the fee paying public, including the management of fares, identification of drivers and vehicles, complaints resolution and the mandatory reporting of certain information. A raft of penalties and offences also apply.

This option would retain the provisions in the Taxi and Transport Coordination Acts as outlined in Table 1. Oversight of the industry would be governed by the primary Act, regulations and a raft of operating conditions specific to the type of on-demand vehicle being delivered.

Broadly, the regulatory framework would result in:

- taxi and charter vehicle drivers assessed on application and monitored for continued medical and character fitness to drive;
- on-demand vehicles inspected at least annually and insured at an appropriate level for compulsory third party;
- registration of Perth metropolitan taxi dispatchers as an approved provider of services and an obligation to address customer complaints and service issues;
- people/companies being assessed against suitability criteria as a licensed operator of a Perth metropolitan taxi, country taxi or charter vehicle;
- requirements on licensed taxi and charter vehicle operators to keep records of all jobs, including fares, start and finish times and dates, pick up and drop off locations, names of drivers, vehicle make, model and number plates used, receipts of any subsidies given;
- removal of the right to operate a taxi, country taxi or charter vehicle if not of continued good character or failed to meet obligations;
- restrictions on the number of metropolitan and country taxi vehicles that can operate;
- restrictions on where and when certain Perth taxis and country taxis can operate;
- transparent fare processes for rank and hail and pre-booked;
- Perth taxis with security cameras;
- complaints of a sexual, physical or mental nature and fare evasions referred to DoT for resolution;
- offences and penalties for a raft of offences against minimum standards of behaviour;
- an understanding of the number and nature of Perth metropolitan taxi jobs; and
- driver and vehicle owner responsibility for safety, depending on the nature of the crash or incident.

## **7.2 Light touch regulatory oversight of drivers, vehicles and booking/dispatch, chain of accountability supported by risk-based education and compliance**

Option 2 involves the approach canvassed in the Green Paper and further refined during consultation with industry stakeholders. It is the embodiment of the vision for the reformed industry described in Section 6.

The light touch regulatory option proposes the annual authorisation of drivers, vehicles and booking/dispatch services, regulation of maximum fares and supported by industry data and risk-based compliance. The general premise is that there should be minimal barriers for people to enter, exit and operate within the industry but with penalties commensurate with risk if entities transgress.

Broadly, the light touch regulatory framework would result in:

- a single annual authorisation of people to drive for hire and reward, regardless of whether it is a taxi or charter vehicle, with monitoring of medical suitability based on risk;
- a single, annual on-demand transport vehicle authorisation, with requirement for inspection and appropriate compulsory third party insurance;
- entities dispatching or booking taxi and charter services to the paying public being annually authorised;
- ultimately, following a period of transition, no restrictions on the number of vehicles that can operate as taxis;
- no restrictions on where and when taxi vehicles can operate;
- vehicles authorised based on the type of work they wish to engage in –booked only or booked plus anonymous rank and hail;
- vehicles having legible and visible identification of their status as a hire and reward vehicle when operating;
- taxi vehicles doing rank and hail work having additional passenger safeguards in the form of livery, security cameras and meters;
- transparent fare processes for rank and hail and pre-booked;
- a chain of accountability for safety with dispatchers/booking services having a primary duty of care to provide safe vehicles and drivers to the customer;
- driver quality standards determined and managed by industry;
- mandatory reporting of serious safety incidents to DoT;
- offences, penalties and regulator enforcement responses that are commensurate with risk;
- the provision of data to DoT on the recorded start and finish date, times and locations for all taxi and charter jobs; and
- continued Government support for accessible and affordable on-demand transport services for people with a mobility disability or inability to use other transport modes.

### **7.3 De-regulation of the on-demand transport industry**

Option 3 involves de-regulation of the on-demand transport industry and reliance on existing, traffic, criminal, consumer protection and occupational health and safety laws to ensure safety outcomes for drivers and passengers in the industry.

Specifically, this option would see:

- any person with a valid driver's licence permitted to drive for hire and reward;
- a person's authority to drive for hire and reward being dependent on:
  - any medical conditions that have been mandatorily reported to DoT by the person themselves, a family member or GP as part of Road Traffic Authorisation to Drive legislation;
  - any traffic convictions under the Road Traffic Act and regulations which result in prohibition or restriction on driving such as alcohol interlock conditions, extraordinary driver's licence conditions and good behavior period elections
- any vehicle permitted for use in a hire and reward service;

- vehicle roadworthiness not subject to annual inspection but assessed as part of on-road compliance activities of WA Police and DoT;
- any person or entity permitted to offer booking and dispatch services for on-demand transport trips to the public;
- taxi dispatch and charter booking services being responsible for the safety of their drivers as employees;
- customer complaints being addressed by the taxi dispatcher or booking service and referred to consumer protection agencies or Police for further action if warranted;
- reporting of crashes involving taxis and charter vehicles through Police and/or Insurance Commission of WA if meet relevant crash reporting thresholds; and
- information from booking and dispatch services on trip data being provided to DoT on a voluntary basis.

## **8. Options Impact Analysis**

In assessing the impact of the changes to regulation for the industry the following size and nature of industry segments were used. All drivers, owners and operators of vehicles and companies/individuals offering booking and dispatch services to customers were considered to be businesses, despite many of them being sole operators.

A 7 year life cycle for the impact assessment was made as this a typical span of a vehicle operational life for the on-demand transport industry and the regulated term of a number of the operational licences specified in existing legislation.

Table 6 overleaf shows the number of business entities that would be required to be regulated under the Status Quo or Light Touch Regulator options. Under Option 3, any person with a WA driver's licence and vehicle registered in the State could potentially be engaged in hire and reward.

**Table 6. Projected numbers of business entities under Year 1 of full reform**

<b>Business type</b>	<b>Projected numbers Option 1</b>	<b>Projected numbers Options 2</b>
<i>Drivers</i>		
• Taxi T extension active metro	6,825	
• Taxi T extension new applicants metro	1,950	
• Taxi T extension active country	1,300	
• Taxi T extension new applicants country	650	
• Charter F extension active	49,075	
• Charter F extension new applicants	5,200	
• Total on-demand drivers		65,000
<i>Vehicles</i>		
• Perth taxi plate owner	1,035	
• Perth taxi lease	1,188	
• Country taxi licence	355	
• Charter vehicle bus Perth	2,284	
• Charter vehicle bus non-Perth	267	
• Charter vehicle non bus	7,769	
• RPT	1,901	
• Total on-demand vehicles		14,799
<i>Booking and dispatchers</i>		
• Taxi dispatch services	40	
• Small booking/dispatchers		2936
• Medium booking/dispatchers		46
• Large booking/dispatchers		15
• Total booking/dispatchers		2997

A summary of the impacts on businesses, on-demand customers and DoT as the regulator of each reform option is outlined below.

## **8.1 Option 1 - Status Quo**

### *Cost of compliance*

As outlined in the previous sections, the current legislative framework is overly prescriptive and results in considerable administrative burden for the Department and significant inflexibility and red tape for people within the industry.

The current regulation results in a number of business types that interact with the Department. These business types and the nature of their interactions are outlined below and summarised in Table 7.

- Perth taxi plate owners – the Government has not sold plates directly to the market for many years, however, the majority of plates are transferrable and can be bought and sold on the open market. This involves transactions around transfers (character assessment of purchasers, management of transfer duty, issuing of ownership certificates). Transfers also can occur due to deceased estates.
- Perth taxi lease plate holders – must interact with the Department to gain a lease through EOI, including submission of character and proof of identity documents and they must attend in person to sign the lease.
- Country taxi licensees – new applicants must provide taxi service proposal and character suitability documents, as well as interact with the Department for transfers.



- Taxi and charter vehicle drivers – must submit applications to drive and take photos for their identity card in person at a DOT licensing centre, undergo medicals and provide documents to support character assessment.
- Taxi plate holders (lease and owned) – have a requirement to kit the vehicle being used with a camera (metro only), livery, meter, dispatch system as well as have the vehicle inspected for roadworthiness annually. The vehicle must also have a \$20 million public liability policy.
- Charter vehicle operators – do not require meters, cameras or livery but must have the vehicle inspected annually.
- Taxi dispatch services – must register with DoT and provide monthly job data for industry performance monitoring and to receive subsidies for carriage of wheelchair passengers.

**Table 7. Start up and ongoing annual cost of complying with current regulations**

Business Type	Activity	Start up \$	Ongoing \$
Taxi plate holders metro and country	Getting licensed	24,645	
	Getting a vehicle on the road	24,434,800	
	Complying with conditions		8,983,589
Charter licensees	Getting licensed	1,147,667	
	Getting a vehicle on the road		
	Complying with conditions		4,176,660
Taxi dispatchers	Getting registered	97,800	
	Complying with conditions (provision of job data)		287,040
Taxi drivers	Getting licensed	899,080	
	Ongoing medical		636,636
Charter drivers	Getting licensed	1,475,760	
	Ongoing medical		3,682,016
<b>TOTAL</b>		<b>28,079,752</b>	<b>17,765,941</b>

In addition to direct cost of complying with regulatory requirements, the Department partially recovers the cost of its administration of taxi and charter licences through the imposition of industry fees. The cost of these fees to the industry are summarised in Table 8.

**Table 8. Industry fees payable at reform volumes (based on 2016-17 fees)**

Fee type	Unit cost \$	Total cost pa \$
Taxi driver application	105.10	273,260
Charter driver F application	108.50	564,200
Taxi plate owned admin	210.00	217,350
Taxi lease admin	210.00	249,480
Country taxi licence admin	210.00	74,550
Charter vehicle licence	272.00	3,324,112
Taxi dispatch service registration	-	-
<b>TOTAL</b>		<b>4,702,952</b>

### *Economic impacts of specific taxi industry regulation governing supply*

In its 2014 report on Microeconomic reform in Western Australia, the ERA analysed the impact on businesses and on-demand transport patrons of removing the restrictions on supply of Perth taxis. The ERA found that the presence of supply restrictions primarily benefit taxi plate owners and leaseholders.

The ERA concluded that restrictions on who can have a taxi licence results in those businesses having a degree of market power that allows them to extract profits from passengers in the form of higher prices. The extent to which prices can be forced higher by limited supply is limited by DoT setting maximum rates at which taxi plates can be leased.

The cumulative value of these lease revenues was estimated by the ERA at \$32.1 million per year, apportioned among plate owners, drivers and lease holders. In the absence of supply restrictions, the ERA were of the view that there would be no market for leasing taxi plates because drivers would be able to purchase their own taxi plate for a negligible value.

Additionally, the ERA concluded that passengers bear the cost of supply restrictions through higher prices, longer waiting times and less reliable services.

The ERA suggested that the higher prices prevalent in regulated markets result in lower demand for taxi services than would exist otherwise. The cost of these foregone taxi trips was estimated to be between \$596,261 and \$1.55 million per annum, or \$32.7 million - \$33.7 million in total. With the supply of taxis being insufficient to meet the demand for taxis, the ERA costed the time that passengers must wait for a taxi, relative to what would be expected in a free market, to be between \$6.5 million and \$7.4 million per year.

The net quantifiable cost caused by the regulation of taxi supply in Perth was between \$7.1 million and \$9.0 million per annum, as summarised in Table 9.

**Table 9. Costs and benefits per annum of regulating the supply of taxis in Perth, Economic Regulatory Authority**

		Lower Bound	Upper Bound
Benefit to Plate Holders		\$27.7 million	\$27.7 million
Benefit to Taxi Drivers <sup>540</sup>		\$4.4 million	\$4.4 million
Cost to Passengers	Price	-\$32.7 million	-\$33.7 million
	Waiting Time	-\$6.5 million	-\$7.4 million
Net Cost		-\$7.1 million	-\$9.0 million

## **8.2 Option 2 – Light Touch Regulator**

The objectives of the reform to encourage competition in on-demand transport service provision are inconsistent with the status quo legislative framework. The 'light touch' option seeks to retain regulatory oversight over safety of the driver and vehicle through minimum requirements for authorisation and a formal chain of accountability. It removes restrictions on how and when vehicles are operated, introduces easier, online transaction processes and encourages compliance through proactive auditing and risk assessment.

In the reformed model, there will only be three business types who will transact with the Department. These are outlined below and summarised in Table 11:

- on-demand transport drivers – applications to drive, involving medical and character reports, and annual renewal of authorisation fees would be done online. Medical review periods would be extended to 5 yrs as a default unless the GP recommends otherwise and the GP medicals would be submitted directly online to the Department by the doctor. Requirements to physically attend a DoT licensing centre would therefore no longer be required.
- On-demand vehicle owners/managers – the notion of a taxi plate owner/lessee and charter vehicle operator would be removed, eliminating the need for processes and customer interactions in relation to character assessments, taxi plate transfers and lease signings. Vehicle owners would be required to nominate the vehicles they wish to use for hire and reward (online), have the vehicle inspected annually and then ensure the vehicle has the appropriate equipment relevant to the type of work it will be doing (anonymous rank and hail – taxi versus pre-booked charter).
- On-demand transport booking and dispatch service providers – this group would encompass a range of new business entities, beyond the traditional radio-base taxi dispatch that is currently regulated. Many of the charter vehicle licensees who were offering limousine, luxury small sedans, tour and shuttle buses services would become dispatch booking services, together with the traditional taxi dispatch service and the new app-based ride sourcing providers. All entities would transact with the Department for application to become an authorised booking/dispatcher and then, once authorised, would be required to provide the job information that they routinely keep for tax and other business purposes to DoT for aggregation into an industry-wide view of performance. A new industry fee for booking service authorisation would be applied.

Not included in Table 10 is the cost to taxi plate owners in having to complete paperwork for application to buy-back, estimated at a maximum of around \$32,000 for all 1044 plates.

**Table 10. Start up and ongoing annual cost of complying with current regulations**

Business Type	Activity	Start up \$	Ongoing \$
Drivers	Getting authorised	1,850,940	
	Complying with medical and character requirements		2,886,000
Vehicles	Getting authorised	5,708,714	
	Getting vehicle on the road	25,650,550	
	Complying with conditions		8,172,022
Booking and dispatch	Getting authorised	1,640,376	
	Complying with conditions (provision of job data)		2,830,709
<b>TOTAL</b>		<b>34,850,580</b>	<b>13,888,731</b>

In addition to direct cost of complying with regulatory requirements, the Department intends to transition to full cost recovery over time. Current fees for administration of taxi and charter vehicle licences will be abolished and replaced with a single on-demand vehicle annual authorisation and application fee. Taxi and Charter drivers will also be subject to new annual authorisation fees, rather than a single fee at initial application. Booking and dispatch services will have new fees applied for application and annual authorisation.

**Table 11. Indicative industry fees under full reform**

<b>Business Type</b>	<b>Unit cost \$</b>	<b>Total cost pa \$</b>
ODD application	10	78,000
ODD annual authorisation	75	4,875,000
OD vehicle nomination	20	295,980
OD vehicle annual authorisation	200	2,959,800
OD booking/dispatch application	60	179,820
OD booking/dispatch authorisation	755	2,262,735
<b>TOTAL</b>		<b>10,651,335</b>

The cost model developed for recovery of administration and compliance costs from industry under the light touch regulatory model establishes a framework whereby the ongoing management and maintenance of the IT systems built to deliver the reform will be recovered through fees and charges. \$8.3 M has been requested to enhance IT systems for the management of taxi and charter drivers, vehicles and booking services. The capital cost of development, test and deployment is a sunk cost for government and not recovered through fees and charges.

The annual system maintenance costs post IT build are based on 15% of the initial capital investment cost and are part of the total administrative costs that will be recovered through the fees listed in Table 11. These will be:

- \$1.88 in 2020-21
- \$1.90 in 2021-22
- \$1.93 in 2022-23

All the modules for the new system build are assumed to be capitalised in 2020-21 when those modules will be used for their intended purpose and will generate revenue.

### **8.3 Option 3 – Removal of ODT specific regulation**

In this option, all requirements on businesses and individuals wishing to offer their services to the on-demand transport industry would be free to do so without specific regulation. All on-demand transport specific controls would be removed with safety outcomes for the industry reliant on compliance with rules established under traffic, criminal and health and safety laws.

This option therefore has nil regulatory burden on businesses above what they are already subject to under existing legislation. Achieving de-regulation, however, would require removal of the Perth owned taxi plates and perpetually held country taxi licences from the industry as they would hold no value. It is probable that Government would need to pay a monetary settlement to those businesses directly impacted and that there would be some burden on taxi plate owners and country taxi licensees in accessing the payments.

## 8.4 Summary of Regulatory Burden

Appendix C presents the details of the regulatory burden on businesses from the three options. The annualised cost of compliance over the 7 year life cycle of a taxi/charter vehicle are summarised in Table 12:

**Table 12. Cost of compliance by on-demand transport business segments, by option assessed**

	<i>Annualised regulatory burden on OdT clients over 7 year life cycle</i> \$				
	Option 1 Status Quo	Option 2 Light Touch	Option 3 ODT Deregulation	Net costs or savings between Status Quo and Option 2	Net costs or savings between Status Quo and Option 3
<i>Drivers</i>	4,657,915	3,150,420	0	1,507,495	4,657,915
<i>Vehicles</i>	16,489,225	12,651,917	7,768	3,837,308	16,481,457
<i>Booking</i>	630,194	3,065,048	0	-2,434,854	630,194
<b>TOTAL BUSINESS COST OF COMPLIANCE (A)</b>	<b>21,777,334</b>	<b>18,867,385</b>	<b>7,768</b>	<b>2,909,949</b>	<b>21,769,566</b>
<b>COST OF INDUSTRY FEES (B)</b>	<b>4,702,952</b>	<b>10,651,335</b>	<b>0</b>	<b>-5,948,383</b>	<b>4,702,952</b>
	<i>Costs to Businesses and Customers per annum of Taxi Supply Restrictions</i> \$				
<i>Cost to taxi plate holders of removing regulated supply</i>	0	27,700,000	27,700,000	27,700,000	27,700,000
<i>Cost to taxi drivers of removing regulated supply</i>	0	4,400,000	4,400,000	4,400,000	4,400,000
<i>Cost to passengers of regulated supply - Price</i>	32,700,000	0	0	32,700,000	32,700,000
<i>Cost to passengers of regulated supply - Wait time</i>	6,500,000	0	0	6,500,000	6,500,000
<b>TOTAL SUPPLY RESTRICTIONS (C)</b>	<b>39,200,000</b>	<b>32,100,000</b>	<b>32,100,000</b>	<b>7,100,000</b>	<b>7,100,000</b>
<b>TOTAL REGULATORY REFORM (A+B+C)</b>	<b>65,680,286</b>	<b>61,618,720</b>	<b>32,107,768</b>	<b>4,061,566</b>	<b>33,572,518</b>

### *Cost to Government*

The light touch regulation option confers reduction in FTE costs to DoT, as regulator of the industry.

There is an increasing expectation by the Western Australia community for access to quality government services when and where it is convenient to them. Many of the Department's taxi and charter clients operate outside of normal business hours so there is opportunity with this reform to harness information and communications technology to provide more appropriate, intuitive, self-service solutions for customers.



In this regard, DoT intends to move away from face to face to online transactions to more process automation and customer self-service in relation to on-demand transport vehicle and driver licensing.

Process automation and customer self-service would also allow many of the routine queries around taxi and charter vehicle licensing to ultimately be dealt with by the Department's Customer Contact Centre and Service Centres and agents, rather than by specialists within the ODT Regulator, bringing further efficiencies. As a conservative estimate, the FTE resources required to deliver OdT Business Unit's client service functions in the future, where only specialist and complex transactions would be managed in-house, could ultimately be reduced by \$614,000 per annum.

Similarly, systems to support the necessary data interactions with industry and management of complex investigations would reduce the hours and resources devoted to targeted and random on-road compliance, resulting in a more streamlined and agile regulator workforce underpinned by predictive risk analytics. The restrictions inherent in the taxi sector related to the principle driver, peak period hours, country versus metro boundaries, use of substitute taxi vehicles and sub-leasing result in considerable administrative burden for the Department in terms of education and compliance.

As a conservative estimate, the FTE resources required to deliver the OdT Business Unit's ultimate compliance functions could be almost halved, a saving of around \$545,000 per annum (Table 13).

While these costs are excluded from the formal assessment of regulatory burden, they are summarised below as an indication of how the regulatory reform, coupled with investment in ICT systems for online transactions, would reduce costs for government.

**Table 13. Potential annual savings in FTE costs to government regulator in administering reformed on-demand transport industry**

	Annual FTE costs to Government \$				
	Option 1 Status Quo	Option 2 Light Touch	Option 3 ODT Deregulation	Net savings between Status Quo and Option 2	Net savings between Status Quo and Option 3
Client services	875,000	261,000	0	614,000	875,000
Risk-based compliance	1,174,000	629,000	0	545,000	1,174,000
<b>FTE COSTS OF GOVT REGULATION</b>	<b>2,049,000</b>	<b>890,000</b>	<b>0</b>	<b>1,159,000</b>	<b>2,049,000</b>

These savings in FTE must be offset by the cost to Government of the investment required in the upgraded business information systems. The benefits and estimated cost to implement the necessary functionality to deliver on-demand transport regulatory oversight are outlined in Table 14 overleaf.

**Table 14. Benefits and Costs of the Recommended Investment**

Industry oversight	Benefit	Cost
OdT driver authorisation	Allow customers to manage their own hire and reward driver licences online, through agents such as Australia Post and via external payments	\$2,000,000
	Reduced cost to industry through streamlined administration of OdT driver licence applications, assessment of medicals and police records, cancellations and revocation of licences, annual payments, reminders notices and electronic issue of endorsement	
	Public confidence in the safety of drivers licensed for hire and reward – risk-based compliance with requirements, enforcement action and monitoring of industry performance	
	Public confidence in the safety of drivers licensed for hire and reward - online confirmation for patrons to check bona fides of hire and reward drivers	
	Improved integration across government with driver infringements linked to FERS and visibility for Police on OdT driver endorsement status at the roadside	
OdT vehicle authorisation	Allow customers to manage their own hire and reward vehicle nominations online, through agents such as Australia Post and via external payments – including the management of fleet licence expiry dates and bulk billing	\$1,725,000
	Public confidence in the safety of vehicles – visibility of inspection status, compliance with requirements, enforcement and monitoring	
	Reduced cost to industry through streamlined administration of vehicle nominations, payments and motor injury insurance adjustments	
	Improved integration across government with vehicle infringements linked to FERS and visibility for Police on OdT vehicle nomination status at the roadside	
OdT Booking and Dispatch Services authorisation	Allow customers to manage their authorisations as a booking/dispatch service online, or through agents such as Australia Post	\$2,700,000
	Public confidence in the safety of drivers and vehicles through dispatcher verification with DoT of licence status of driver and vehicle	
	Reduced cost to government and streamlined administration through direct industry upload of job data for payment of fees and levy if required	
	Lower cost to industry through streamlined administration of booking/dispatch service applications, assessment of financial and police records, annual payments and reminders notices	
	Public confidence in the dispatch of vehicles and drivers through compliance and monitoring of entities	
Industry levy collection	Allow booking/dispatch services to direct debit industry levy fees	\$525,000
	Reduced cost to government for administration of industry levy through automation of billing and direct collections.	
<b>Subtotal</b>		<b>\$6,950,000</b>
	Contingency @ 20%	1,390,000
<b>TOTAL</b>		<b>8,340,000</b>

### *Transitional regulatory reform not formally assessed as part of this RIS*

The proposed regulatory reform will include provisions to give effect to the Government's desire to support Perth taxi plate owners through the period to a more competitive and less prescriptive market.

- *Voluntary buy-back*

As part of this reform, the Departments of Finance and Transport has examined a number of options to deliver the Government's intention for a voluntary buy-back scheme of Perth owned taxi plates and arrived at a recommended scheme. In doing so, the fundamental principle of equity has been applied to all options put forward for consideration. This principle requires Government to avoid undesirable wealth re-distribution and maintain 'horizontal equity' (ie those in similar circumstances receive similar treatment).

Critical to the application of the equity principle is consideration of economic rents, often referred to as monopoly profits. These are income above that required to attract the production of a good or service – income above the full cost of production (including normal profits). Rents often arise because of the fixed supply of goods or services.

As highlighted in the ERA Microeconomic Reform report, payments to taxi plate owners from those wishing to lease the right to use a vehicle as a taxi represent economic rents – a payment received without any expenditure of effort, or service provided (beyond passing over the plate). The only reason a plate owner can derive a lease payment is the fixed supply of plates.

Government regulates the maximum private lease rates owners may charge; with the maximum rate for conventional taxi plates has remained unchanged at \$355/week since July 2004. With the entrance of new taxi-like service offerings, lease rates (or monopoly profits) began to fall, currently around \$225/week, but this is likely to fall further.

A number of minimum buy-back payment amounts were considered that met the Government's intention for fair and equitable compensation under the monopoly profits model. The recommended option for buy-back proposes a minimum payment of \$165,000 and takes into account the individual circumstances of each potential applicant and the monopoly rents they have received over time and the number of plates held. Buy-back offers are to take into account the individual's purchase price, the sum of average private lease rates since the owner purchased the plate, the payment of previous transition assistance provided and any tax benefits.

Application of the equity principle ensures that plate owners receive compensation that is tied to the unrecoverable value of their investment in their taxi plates, with recent plate holders most impacted by disruption in the industry receiving larger buy-back offers.

- *Mechanism for funding buy-back*

As part of the consideration of buy-back options, mechanisms for securing the funds to make payments were also assessed in consultation with the Department of Finance. Key considerations of the assessment included:

- whether it generated the funds required to meet the buy-back offers within an acceptable timeframe;
- the impact on on-demand transport demand;
- impact on on-demand transport fares to customers; and
- the cost of administration to collect the funds

Table 15 shows the options considered for funding the buy-back scheme and the main impacts:

**Table 15. Buy-back scheme funding options**

Option	Main impacts
Charter vehicle flat \$2 levy and Taxi annual fee	<ul style="list-style-type: none"> <li>• 2.26 million fewer trips</li> <li>• Punitive on short trips</li> <li>• Costly to administer</li> <li>• Industry lost revenue \$209.5M</li> </ul>
All flat \$2 levy	<ul style="list-style-type: none"> <li>• 1.86 million fewer trips</li> <li>• Punitive on short trips</li> <li>• Costly to administer</li> <li>• Industry lost revenue \$153.2M</li> </ul>
Charter vehicle 8% surcharge and Taxi annual fee	<ul style="list-style-type: none"> <li>• 1.79 million fewer trips</li> <li>• Industry lost revenue \$204.0M</li> </ul>
All 8% surcharge	<ul style="list-style-type: none"> <li>• 1.4 million fewer trips</li> <li>• Better for short trips</li> <li>• Lowest cost to administer</li> <li>• Industry lost revenue \$168.0M</li> </ul>

A uniform percentage surcharge on all on-demand transport trips is recommended as the most efficient and least distorting option for facilitating an industry funded buy-back. This is consistent with instruments such as value added taxes, which are widely accepted as relatively efficient means of raising revenue.

The particular nature of on-demand transport lends itself to a percentage surcharge because of highly elastic demand for short trips; when compared with a flat fee on all trips a percentage surcharge leads to a substantially smaller reduction in the number of short and low value trips. Applying a consistent funding model on all market participants, rather than a particular sub-group, aligns with efficient revenue collection principles because it doesn't encourage participants to act differently by investing or allocating resources in a certain way.

The administrative costs for collecting and enforcing a percentage surcharge also appear to be lower than the other funding options considered.

The 8% surcharge raises \$134.5 million over five years or \$26.9 million per year.

#### *Cap on plates*

The reform proposes to ultimately remove existing controls that currently regulate the quantity and release of taxi plates and leases to the market. Taxis are expected to be a continuing and important part of the industry.

However, there will be a period of transition where the number of taxi vehicles that will be authorised to undertake booked and rank and hail work will be capped at current levels. This will ensure that the supply of taxis is maintained to meet customer demand for rank and hail services, and for those wishing to engage vehicles with mandated additional security features. The maintenance of existing taxi numbers will also support those currently in the taxi sector while they modernise and adjust their service offerings to meet any new demands from the public.

This limit on State-wide taxi vehicle numbers will be monitored and reviewed after a period of four years.

As outlined in the ERA Microeconomic Reform report, retention of supply restrictions would result in a net loss of \$7 million per annum to plate owners and taxi customers – or \$21 million over the proposed transition period.

- *Administration of TIDA*

Section 41 of the *Taxi Act 1994* establishes the Taxi Industry Development Account (TIDA) as a special purpose account under the *Financial Management Act 2006*. Grants from the Account can only be made for the purpose of funding, or partly funding, promotional, research and development projects intended and designed to benefit the taxi industry.

The on-demand transport industry reform has commenced payment of a \$27.5 million Transition Assistance Package to metropolitan taxi plate owners from TIDA. This package provided \$20 million for a one-off payment of \$20,000 per owned conventional or multi-purpose plate and \$6,000 per owned peak period or area restricted plate, to support eligible plate owners in their adjustment to the more flexible operating environment. The Small Business Development Corporation has been allocated \$1.5 million for the provision of advisory services to impacted metropolitan taxi plate and country taxi-car licence holders. A further \$6 million has been approved for the payment of funds to eligible metropolitan taxi plate owners who may be suffering severe financial hardship as a result of the reforms, of which \$3 million has been allocated and commenced expenditure in 2016-17.

Provision of the Transition Assistance Package commits the full funds remaining to the credit of TIDA. Under the proposed reform, the reduction and ultimate removal of leased taxi plate fees which form the basis of funds for TIDA, would limit the ability for TIDA to accumulate meaningful levels of funds in the future. Furthermore, the requirement for a dedicated fund to support development of one segment of the on-demand transport industry is no longer appropriate going forward.

On this basis, the proposed legislation will formally close TIDA and any funds remaining unallocated will be credited to Consolidated Account, as permitted under sections 20 and 21 of the *Financial Management Act 2006*.

These are administrative arrangements only and have no direct regulatory burden on on-demand transport businesses or customers.

## **9. Preferred option**

The impact analysis undertaken in Section 8 and summarised in Table 16 indicates that there are substantial savings to business and community in moving to a less prescriptive (\$16.5M per annum) or deregulated (\$46.6M per annum) on-demand transport industry.

These estimates assume that all businesses are new to the industry and incur start up and ongoing costs. The cost of compliance to those already in the industry would be reduced by \$28M in startup costs only incurred in year 1.



**Table 16. Summary of regulatory impact assessment**

	Per Annum \$				
	Option 1 Status Quo	Option 2 Light Touch	Option 3 ODT Deregulation	Net costs or savings between Status Quo and Option 2	Net costs or savings between Status Quo and Option 3
Business cost of compliance	21,777,334	18,867,385	7,768	2,909,949	21,769,566
Business cost – industry fees	4,702,952	10,651,335	0	-5,948,383	4,702,952
Business and individuals net cost of supply restrictions	39,200,000	32,100,000	32,100,000	7,100,000	7,100,000
<b>Total regulatory burden</b>	65,680,286	61,618,720	32,107,768	4,061,566	33,572,518

The question becomes what benefits does having light touch regulation confer over total deregulation of the on-demand industry? These benefits are largely unquantifiable.

The NSW taxi safety performance data and figures for WA outlined in Section 2 suggest that the safety of taxis and taxi-like services is one area which is appropriately the subject of regulation.

The biggest differences between Options 2 and 3 relate to the mandating of annual vehicle inspections and periodic medical reviews for drivers, the establishment of a formal chain of accountability for safety and provision of a limited set of job data to DoT from the wider industry.

In Option 3, the requirement for an annual roadworthiness inspection for on-demand transport vehicles would be removed and replaced with a sole reliance of targeted and random inspection of vehicles at the roadside or through business audits, using data and intelligence to identify potential vehicles at risk. As outlined in Section 3, a periodic motor vehicle inspection requirement does provide additional encouragement for vehicle owners and managers to retain their vehicles in a fit and serviceable condition, with a reduction in defect rates evident.

Victoria examined this issue in its 2016 Regulatory Impact Statement<sup>13</sup>. Similar to that proposed by WA under the light touch, risk-based compliance regulation model, Victoria proposed the use of pre-reform inspection data to identify a range of indicators that could be used to better target roadside inspection activity. This information would then be used to drive associated publicity campaigns to improve “voluntary compliance” by vehicle operators.

Even with this better use of intelligence and education support, Victoria considered that it would need to double its targeted and random compliance efforts to achieve the lower defect rates achievable through PMVI, increasing the proportion of regulatory burden borne by Government from 15% to 45% of the total. On the basis, the Victorian RIS concluded that deregulation of the inspection requirement would likely yield smaller safety benefits (albeit unquantified).

<sup>13</sup> Department of Economic Development, Jobs Transport and Jaguar Consulting (2016), *Transport (Buses, Taxi-Cabs and Other Commercial Passenger Vehicles)(Taxi-cab Industry Accreditation and Other Matters) Regulations 2016 – Regulatory Impact Statement*.

In relation to medical reports for taxi and charter drivers, evidence of the road crashes and injuries likely to be saved from mandatory medical assessment at periodic intervals is not available. However, regulation to compel hire and drivers to review their medical fitness at least every 5 years, coupled with mandatory reporting of health conditions and shorter medical review periods imposed based on GP assessment of risk, is believed to represent a good balance between managing the crash risk, achieving the stronger government oversight that the community expects and administrative burden for the client.

Deregulation would also require industry to voluntarily establish mechanisms to safeguard customers from poorly maintained vehicles, aberrant and unfit drivers. This has not occurred to date within the taxi industry and is not likely to develop without considerable government intervention.

Under Option 2 the largest increase in regulatory burden is borne by the entities that will be re-defined as charter vehicle licensed operators to booking services. The increase in regulatory compliance comes from the need to supply DoT with job data for industry performance monitoring, rather than simply record job details for inspection by DoT officers if requested. Risk-based auditing will continue to ensure that booking services with primary responsibility for the safety of drivers and vehicles in the trip chain are exercising their due diligence.

As the portfolio agency responsible for the planning of transport service access to the people of Western Australia, DoT needs to understand the performance and nature of on-demand transport services being provided state-wide. Provision of the job data will support the Government in its planning and strategic direction for transport services across all modes for Perth and regional WA, including identification and address of instances of market failure.

In this regard, exchange of de-identified, aggregate data on the nature of on-demand transport trips is necessary from all sectors of the industry. Key information on the start and finish times, dates and locations of taxi and charter jobs are needed from those sole operators and entities that are dispatching or booking taxi and charter vehicles to customers. This is information that operators are generally recorded as a record of their business dealings for tax and other purposes.

To ensure that the collection of base industry job data does not impose heavily on the industry, business systems for easy upload of data direct to DoT will be developed in consultation with industry.

Taking these factors into account, Option 2 – light touch regulation – is preferred (Table 17).

**Table 17. Options Analysis Summary**

<b>Justification for the preferred option</b>	The objectives of the on-demand transport industry reform are to encourage competition in service provision and improve safety. The 'light touch' option is preferred over total de-regulation as it retains regulatory oversight over the safety of drivers and vehicles on behalf of the community. It establishes minimum requirements for safety and formalises this in a chain of accountability framework that brings in previously unregulated businesses that have a direct impact on the safety of service that a customer receives. It removes restrictions on how and when vehicles are operated, introduces easier, online transaction processes and encourages compliance through proactive auditing and risk assessment.
<b>Estimated impact of the proposal</b>	<p><b>Impacted parties</b></p> <ul style="list-style-type: none"> <li>On-demand transport vehicle operators and drivers benefit through streamlined, online interactions with the Department and reduced requirements for suitability assessments and medicals</li> <li>All industry players benefit through greater flexibility to innovate their business</li> <li>Reduction in benefits to taxi plate holders through removal of supply and area boundary restrictions that is offset by reduced prices and wait times for their customers, estimated as a net saving of \$7.1 million</li> <li>Previously unregulated booking and dispatch services incur new cost of reporting to DoT on major safety incidences and job data, an increased estimated at \$2.4million pa over the status quo</li> <li>Reduced cost to DoT of streamlined client services and FTE needed for risk-based compliance focusing on safety, estimated at \$890,000 pa</li> <li>Increase in indicative fees to industry of \$6.0 million per annum due to higher volumes of transactions</li> </ul> <p><b>Regulatory Burden Estimate</b></p> <p>The preferred option imposes a \$61.6M burden on the industry through, direct cost of compliance, industry applied fees and net savings to businesses and customers of removed taxi supply restrictions. This is a \$4.1M reduction on the status quo.</p> <p><b>Regulatory Offset (Voluntary)</b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<b>Proposed Implementation and Review timeline</b>	Legislation will be proclaimed in parts as business information systems to support administrative are deployed. The proposed regulation includes a review of new provisions after 5 years of full operation.

## 10. Implementation of the preferred option

### *Required regulatory changes*

The preferred light touch regulator model will see the following major changes to legislation.

- Removal of requirements related to assessment and management of taxi/charter vehicle operators as plate holders or licensees
- Combination of F and T driver licence extensions into a single On-demand Driver authorisation subject to character assessment and medical review on application and at periods based on risk (up to max 5 years)
- Shift of responsibility for vehicle inspection to vehicle owner/manager away from omnibus licensee/taxi plate holder
- Extension of the requirement for taxi dispatch services to register with DoT to all individuals and companies who link customers seeking an on-demand transport service with a vehicle and driver for the journey – requirement for authorisation to

move away from suitability of character and reliability to assessment of character of nominated directors and capacity to influence the safety of the drivers and vehicles dispatched

- Removal of quantity, hours and area restrictions on Perth and country taxis, including the Perth Taxi Control Area
- Extension of requirements for security cameras to all vehicles undertaking rank and hail (taxis) statewide
- Retention of requirements for taxi livery, signage and meters for vehicles doing rank and hail and introduce requirement for vehicle signage for pre-booked work when operating
- Shift focus to risk-based safety compliance under a chain of accountability and industry code of conduct framework away from investigations into service/fare evasions
- Streamlining of interactions with clients through online services
- Extension of requirement for job data from Perth taxis to all on-demand transport booking and dispatch services

The regulatory proposal will also include amendments to legislation to support taxi operators during the transition to full reform. The legislative amendments will therefore include:

- A framework for a voluntary buyback scheme for Perth owned taxi plates
- A mechanism for funding the buy-back scheme offered
- A mechanism for capping the number of vehicles that can be authorised as a taxi, including a prescribed percentage that are dedicated as a Multi-Purpose Taxi, for up to 4 years
- Administrative arrangements for closing the TIDA and reimbursement of Consolidated Account for funds already expended on the Taxi Hardship Fund.

### *Legislation*

Implementation of the proposed regulatory reform involves major revision to the existing legislative framework. Specifically, depending on Parliamentary Counsel advice, it is proposed to:

- ultimately repeal the *Taxi Act 1994* and its subordinate regulations;
- amend the *Transport Coordination Act 1996* and regulations to remove parts relating to the licensing of omnibuses and country taxis;
- make heads of power for regulating the provision of on-demand transport services through a single On-demand Transport Act;
- establish minimum standards for safety and passenger protection in supporting regulations; and
- make consequential amendments to traffic laws, as required.

Delivery of the voluntary buy-back scheme for plate owners is a priority for Government. The legislative provisions for the scheme, and the mechanism for funding, are likely to be one of the first areas of the new Act to be proclaimed and delivered.

Also a priority is regulation of the currently unregulated booking and dispatch services and commencement of the chain of accountability. This will require proclamation of provisions for the authorisation of these entities and the heads of power to collect fees and enforce minimum safety standards.

### *Chain of accountability and risk-based compliance*

The Act and regulations will give authorised officers a range of compliance tools, including audit, improvement and prohibition notices, as well as the ability for infringements and prosecutions against specific regulations. DoT will use information and communications technologies to assist in the management of safety duties by industry, such as up to date (and potentially real-time) records of driver traffic and criminal charges, vehicle defects and licensing. Exchange of this data with dispatch and booking services to support them in their identification and management of risks will be important for effective and efficient regulation of the industry.

The industry will be supported by DoT in the development of a specific Code of Practice that will provide practical information on how to achieve the safety standards expected for the industry.

### *Upgraded ICT systems to support cost recovery and streamlined customer interactions*

To support DoT's regulatory functions, funding for the business systems necessary for the transfer, storage, collation and analysis of significant amounts of base data is being sought as part of the reform. These systems will be deployed over time and will be linked to specific proclamations of relevant parts of the new Act.

As a cost recovery regulator, DoT aims for its full cost of service to be reflected in the annual fees and charges imposed on industry. DoT is currently working on a cost model framework that will be used to determine the nature and level of industry fees under full reform. Full application of the cost model will not be possible until all parts of the reform are proclaimed within the legislation and ICT systems built, tested and deployed. Commencement of full reform is not likely until at least 2020/21.

### *Regulatory Impact Assessment review*

The legislation will require a review of provisions after five years of operation of the new laws. Industry fees and charges will be subject to annual review, with a major review after three years of implementation of the cost model.

## 11. References

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## APPENDIX A - Current legislation governing on-demand transport

### *Taxi Act 1994*

Part	Content
Part 1 - Preliminary	Title, commencement, definition of terms used in the legislation and establishment of a metro-regional boundary for the purposes of prohibiting the carriage of passengers
Part 2 - Administration	Powers for Minister to give direction to the Director General. The Minister may delegate certain matters to the Director General and Departmental Officers. The Director General to advise the Minister on the provision of taxi services to the public. The establishment of the Taxi Industry Board, its functions and composition.
Part 3 – Operation of Taxis - <i>Division 1 – Taxi Plates</i>	The use of taxi plates in the Taxi Control Area is mandatory and an offence applies for non – compliance. The sale of taxi plates. The leasing of taxi plates. The number of Leased plates must not exceed the relevant percentage. The process of application and the issuing of taxi plates. Annual fees and periodic payments for taxi plates. The Director General may impose conditions on the operation of taxis. The consequences for non – use of taxi plates. The Director General may vary the conditions imposed on the operation of taxi plates and the taxi plate holder may apply to the State Administrative Tribunal for a review of the Director General's decision. The Director General has the power to deal with persons found to be no longer fit and proper to hold a taxi plate. Forfeiture of leased taxi plates. The Director General must approve transfer of owned taxi plates. No more than 5 plates to be owned by one person or corporation. Circumstances where taxi plates must be returned to the DOT - or can be seized by an Authorised Officer.
Part 3 – Operation of Taxis – <i>Division 2 – Taxi Dispatch Services</i>	Taxi dispatch service provider must be registered. A taxi dispatch service provider may apply for registration and the Director General may approve registration. The Director General may impose conditions on a taxi dispatch service. The Director General may cancel the registration of a taxi dispatch service. The Director General's decision to cancel registration is reviewable by the State Administrative Tribunal
Part 3 – Operation of taxis – <i>Division 3 – Multi –purpose taxi plates</i>	The conditions under which transferable Multi – Purpose Taxi plates can be bought back by the government.
Part 3 – Operation of Taxis - <i>Division 4 – Restricted hours taxi plates</i>	The conditions under which the Director General may enter into an agreement to exchange a Restricted Hours Taxi Plate for a conventional taxi plate.
Part 4 – General	The Director General may appoint Authorised Officers. The powers of Authorised Officers. Evidentiary provisions for prosecution. Rules applicable to bonds given by drivers to operators for the use of a taxi vehicle and /or taxi plates. Reasons for the review of decisions made by the Director General. The issue of Infringement Notices. Payment for Infringement Notices. The nature and scope of the regulations pertinent to this Act. The Taxi Industry development Account. Taxi plate holders may surrender their plates on invitation by the Minister. Review of the Act.
Part 5 – Repeal and transitional provisions	Transitional provisions for the repeal of the Taxi –car Control Act 1985

## Taxi Regulations 1995

Part	Content
Preliminary Regulations 1 through 3	Citation, commencement date, definition of terms used
Regulation 4	Definitions of Taxi Control Area and the "relevant percentage"
Regulation 5	Definition of a Multi – Purpose Taxi. Special operating conditions to apply to Multi –Purpose Taxis. The Director General's powers to impose special conditions with regard to the leasing of taxis and /or plates.
Regulations 6, 6A, 6B, 7 – <i>Fares, fees and special charges</i>	Taxi dispatch services and drivers must ensure adherence to the approved maximum fares, surcharges and fees (as set out in Schedule 3). Drivers may enter into a contract fare arrangement under specified conditions. Parking fees and cleaning costs. Approved fare schedule must be displayed in an approved position.
Regulations 8, 8A, 8B – <i>various forms of payment</i>	The conditions applicable to payment by means of an approved subsidy voucher. Provision of payment terminals. Surcharge for non – cash payment not to exceed 5 per cent.
Regulation 9 – <i>period of hire</i>	Definition of commencement and termination of hiring. Drivers use of the meter.
Regulations 9A, 9B – <i>fare evasion</i>	Fare evasion an offence and carries a penalty which includes the unpaid fare.
Regulation 10 – <i>Multiple hiring</i>	Definition of multiple hiring and the conditions under which it can be carried out, including the appropriate fare(s) to be charged..
Regulation 11 – <i>Route to be taken</i>	Unless the hirer directs otherwise, the driver is to take the most economical route.
Regulations 12, 13, 13A – <i>driver conduct during hire/ taxi operation</i>	Driver may require a deposit prior to accepting the hire. Driver must accept the hire but may terminate the hire in certain circumstances. Driver must inform the taxi dispatch service at the start and end of the period of operation, using correct identification.
Regulation 13B, 13C, 13D, 13E, 13F, 13G, 13H – <i>Camera surveillance units in taxis</i>	A taxi may not be operated without an approved camera surveillance device being fitted and which is in proper working order. Plate holders can be directed in writing to remedy any defect. The defected taxi may not be operated. The taxi must display approved signs to indicate that a surveillance camera is in operation in the taxi. Only approved persons may install, remove and/ or service the camera surveillance unit. Only Authorised Officers or those approved by authorised Officers may view, download the images/ information. No interference, damage or obstruction of the surveillance unit permitted. Camera surveillance units to be inspected annually and certified in working order by an approved person. Transitional provision for the introduction of camera surveillance units.
Regulation 14 – <i>guide dogs</i>	Drivers must carry guide dogs accompanying visually impaired passengers
Regulation 15, 16, 17 – <i>driver conduct</i>	Drivers must display an approved ID card. Drivers should conduct themselves in an orderly manner, offer reasonable assistance and comply with all lawful requests regarding passenger comfort. While at taxi ranks drivers may not block the egress of other taxis or leave their taxis unattended.
Regulation 18 – <i>matters related to taxi meters</i>	The DG may appoint meter installers/mechanics to install and conduct inspections and provide certification regarding accuracy.. Certificate of meter accuracy required for payment of annual fee.
Regulation 19 – <i>prescribed fees</i>	Fees payable on an annual basis, for transfer of ownership and the issue of plates.
Regulation 19A – <i>Conditions imposed on Taxi dispatch services</i>	The DG may impose conditions on taxi dispatch services regarding their charges to hirers, to multi –purpose taxi operators and the manner of providing multi –purpose taxi services.
Regulations 19B, 20, 21, 22. – <i>general items</i>	The prescribed day (section 30 K(2)) no longer applies. Prescribed interest rate for bond monies. General breach of regulations, infringement notices and modified penalties.

## Transport Coordination Act 1966

Part	Content
<b>Part I - Preliminary</b>	Title, commencement, objectives, terms used, subject to Commonwealth law.
<b>Part II - Administration</b>	Purpose and role of various Ministerial bodies and Committees, power to borrow and delegation. Functions of the DG. Tenders subsidies and licences.
<b>Part III – Licences</b>	
Division 1 - General	General provisions including the requirement to be licensed and exceptions. The nature and application of Fees. Transfer of licenses.
Division 2 - Omnibuses	Exemptions to licensing requirement. Procedure for applications. Factors for Minister to consider. Minister grants applications and may specify certain routes and stopping places. Minister may erect signage and shelters in consultation with local government. Licence implies certain conditions including the vehicle being road worthy and carries correct insurance. Minister can impose specific conditions on licence including the route, stopping places and fares charged. Duration of licenses to be 7 years and may be transferred. Minister may grant permits to operate contrary to normal conditions of licence. Vehicle must be properly licensed under the Road Traffic (Vehicles) Act 2012. Vehicles must carry approved number plates - for which there is a fee.
<b>Part IIIB – Taxi –cars in country districts</b>	Terms used.
Licensing (47ZD /E)	Taxi – cars must be properly licensed or a penalty applies. Minister may impose conditions on the licence. Licensee is the owner of the vehicle. A licence is not to be taken as personal property. Drivers of the taxi –car must hold a taxi drivers licence.
Regulations (47ZF)	May be made to cover: applications for licences, the conditions applicable, the type and construction of vehicles, applicable fees, conditions for private taxi cars, cancellations and suspensions, appeals to SAT, fares and other charges, driver conduct, vehicle standards, identification of both drivers and vehicles, specifications for taxi meters, registration of radio facilities, passenger behaviour and fare evasion, taxi ranks, provision of disciplinary powers to the Director –General, procedures for fines and penalties, exemptions.
Local Government powers (47ZG)	Conditions under which the Minister’s powers may apply over the local government laws.
<b>Part IV – Miscellaneous</b>  (sections 48 -59)	Investigative powers of Police and Authorised Officers, including warrants to enter premises, penalties for failure or refusal to provide information or other-wise cooperate with authorised officers. Offences, defences and penalties for operating unlicensed public vehicles. Evidentiary provisions. Failure to comply with licence conditions is an offence. Individual directors of bodies corporate can be held liable. General penalty for offences. Minister may revoke or suspend licences and permits. Director General may recover penalties for offences. Infringement notices. Effect of other road laws.
(section 60)	Regulations - covers regulations for the design of Omnibuses, maximum fares , mechanism for assessment of licence fees, issue and charges for number plates, prescribe stopping places, licence applications, transfers, imposition of conditions, prescription of offences, penalties and infringement notices, vehicle signage.....
(sections 61 through 64)	Governor and Director General or Authorised Officers are protected from liability. Payment of subsidies. Act to be reviewed every 5 years.

### ***Transport Coordination Regulations 1985***

Regulation 1 - 5	Citation, commencement, Terms used, Forms to be as required by the Director General,
Regulations 5A – 6	Applications for an Omnibus licence to be in an approved form. Temporary licence applications to be made 24 hours in advance.
Regulation 7	Fees and returns required.
Regulation 8	Licensees to use specified number plates and keep them in good condition. Replacement plates.
Regulation 8A	Basis for calculation of fees.
Regulation 8AB	Prescribed records to be kept
Regulation 8B	Fee for number plates
Regulations 11 - 13	Miscellaneous covering forms and infringement notices and modified penalties.

### ***Country Taxi cars (Fares and charges) Regulations 1991***

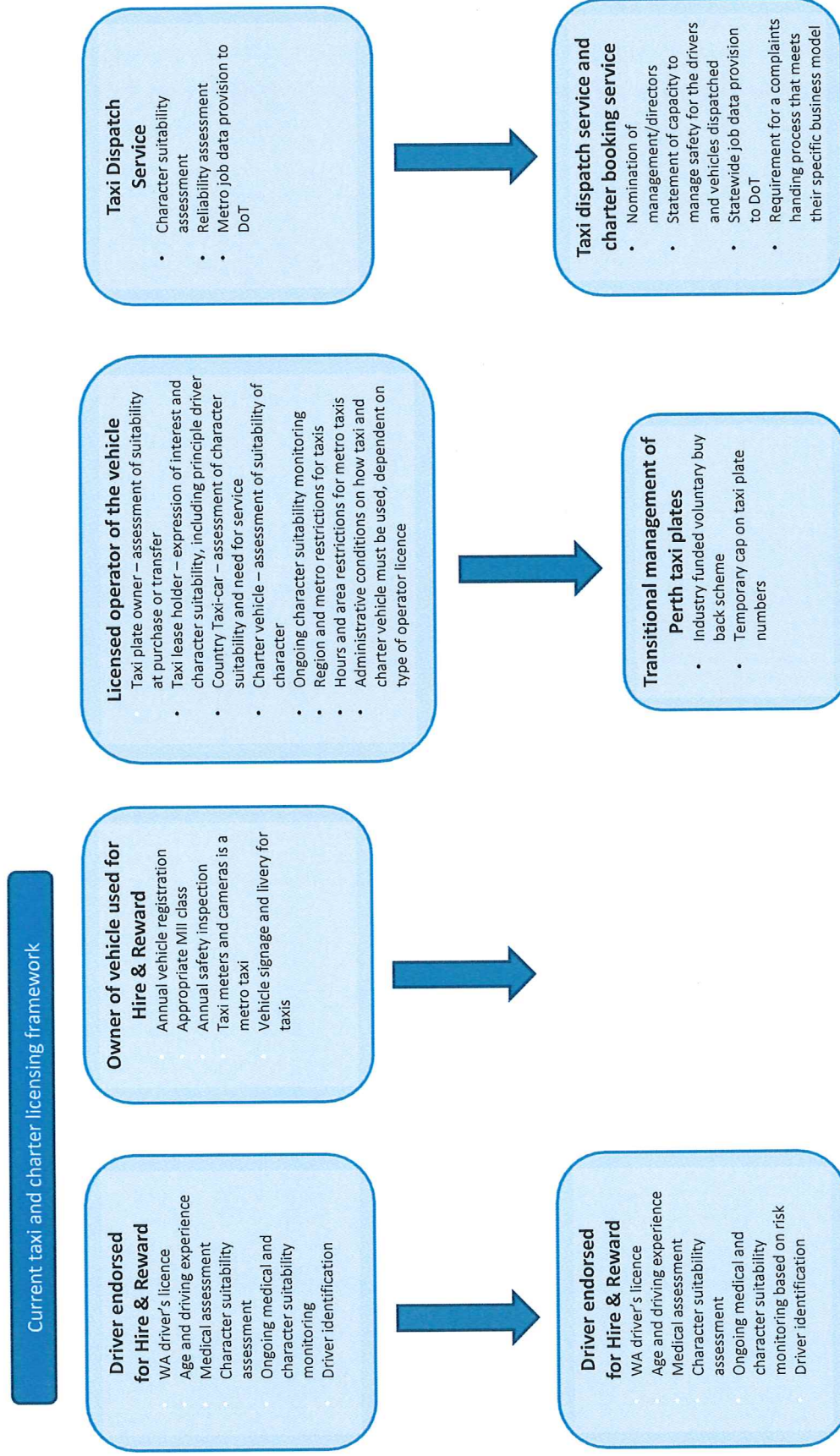
Regulations 1- 2 – 2A	Citation, Commencement , Terms used
Regulation 3	Fares and charges. Fares are maximum chargeable. Do not apply to private taxis. Off-meter fares. Payment terminals.
Regulation 3B	Surcharge for non –cash payment not to exceed 5%
Regulation 4 – 4A	Fare evasion. Deposit in advance.
Regulation 5	Separate fares
Regulation 6	Schedule of rates and charges to be available
Regulation 7 -7A	Applicable fine for breach of regulations.
Schedule 1	Fares and charges by Region
Schedule 2	Modified penalties

### ***Transport (Country Taxi-car) Regulations 1982***

<b>Part I</b>	Citation, Commencement, Application, Terms used, Fees, Conditions of licensing
<b>Part II – Licensing of taxi cars</b>	Applications to be made in the approved form. Fit and proper assessment. Minister may issue a licence. Licence validity. Renewal of licence. Change of owner and transfer of licence. Vehicle must meet standards. Issue of number plates. Replacement vehicles. Vehicle should not be removed from district except on a hiring. Use of Substitute vehicles.
<b>Part III - deleted</b>	
<b>Part IV – Conduct and obligation of drivers</b>	Drivers to be neat and clean. Drivers should conduct themselves in an orderly manner, offer reasonable assistance, comply with hirer's direction and carry authorisation (T extension). Should stay with vehicle when on a rank. Driver cannot refuse hiring or terminate a hiring. Exceptions (include passenger violence, fare evasion, passenger drunkenness or soiling taxi. Passengers must not exceed licensed number. Drivers must carry guide dogs. Drivers must take the shortest route. Drivers must display identification.
<b>Part V – Condition and appearance of Taxi -cars</b>	Vehicle must be compliant with road traffic laws and be clean. All signs must be approved and positioned in accordance with written instructions or Public Notice.
<b>Part VI - deleted</b>	
<b>Part VII – Taxi meters</b>	Taxi owners must fit taximeters of an approved type, in an approved position under the direction from the Director General. The taxi meter shall be tested for accuracy. Taxi car owner shall keep the taxi meter in good order and shall not remove, alter or in any way damage it. A fare chart should be displayed near the meter. An operator shall not manipulate the meter in any way. How the meter is to be started and

	used in a hiring. Does not apply to contract fares and off –meter rates.
<b>Part VIII - Powers of Authorised Officers</b>	Directions of an Authorised Officer to be obeyed. .An Authorised officer may defect a vehicle for various reasons. Vehicle owners may be directed to attend the giving of the notice. Statistics on the operation of the vehicle may be required by the Director General.
<b>Part IX – Disciplinary procedure</b>	Director General may impose additional conditions or suspend or cancel the licence. Notices may be in writing. The Director General may revoke previous decision. The DG must provide reasonable notice of intent. All decisions reviewable by the SAT.
<b>Part X – Offence and Penalty</b>	First and subsequent offences. Modified penalties set out in Schedule 2.Infringement notice and withdrawal notice set out in Schedule 3.

## APPENDIX B - CURRENT AND PROPOSED ON-DEMAND TRANSPORT INDUSTRY REGULATION FRAMEWORK







Government of **Western Australia**  
Department of Finance

Our ref : 2013/12089  
RG : 1269  
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**FORMAL ADVICE ON DECISION REGULATORY IMPACT STATEMENT: COMPLIANT**  
*On-demand Transport Reform*

Thank you for your Decision Regulatory Impact Statement on the *Regulation of the On-demand (Taxi and Charter) Transport Industry*.

The Regulatory Gatekeeping Unit notes that the proposal is part of an initiative to reform the on-demand transport industry which has been faced with a range of challenges in recent years. The reform options are expected to create a safe, flexible, responsible and innovative on-demand transport industry and offer a simplified and more efficient regulatory framework.

The Regulatory Gatekeeping Unit has found that the Decision Regulatory Impact Statement clearly identifies and analyses the impact of the reform options and confirms the document meets the Western Australian Government's adequacy criteria as detailed in the *Regulatory Impact Assessment Guidelines for Western Australia*.

The Regulatory Gatekeeping Unit advises that this proposal may now proceed to the decision maker, accompanied by the final Decision Regulatory Impact Statement, and this Compliance Assessment Notice. When the regulatory decision is made public by the Government in its final form, please ensure both these documents are made publicly available on your website. You should inform the Regulatory Gatekeeping Unit when this has been completed.

Please note if any significant changes are made to this proposal, the Regulatory Gatekeeping Unit should be contacted, as these changes may impact the Decision Regulatory Impact Statement's compliance with the Adequacy Criteria. The reference **RG01269** should be quoted in all future correspondence and compliance reporting on this proposal. If you have any questions or comments please contact Ragu Ganeshasundaram on 6551 4751. Alternatively, you can also email the Regulatory Gatekeeping Unit at [regulatorygatekeeping@finance.wa.gov.au](mailto:regulatorygatekeeping@finance.wa.gov.au).

  
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6 | June 2017