

## DRAFT SECOND READING SPEECH

HON M.T. (RENE) HIDDING MP

### *Taxi and Hire Vehicle Industries Amendment Bill 2016*

*\*check Hansard for delivery\**

Madam Speaker, I now move that the Bill be read a second time.

This Government wants to see Tasmania embrace the new sharing economy and all the opportunities for enhanced consumer choice, innovation and productivity that it presents.

This is why we have indicated our willingness to work pro-actively with ride-sourcing companies such as Uber to facilitate their entry into the Tasmanian market, subject to appropriate regulation to protect public safety.

On 30 October 2015, the Premier announced that, as part of its broader policy on the sharing economy, this Government would be introducing legislation that would provide for the lawful and safe operation of ride-sourcing businesses in Tasmania.

Today, we are delivering on this commitment.

In simple terms, this legislation will pave the way for companies like Uber to enter the Tasmanian market this year under appropriate regulation, as opposed to simply setting up in Tasmania on their own terms as has occurred elsewhere.

However, this is only the first step in a much broader effort to modernise and streamline the regulatory framework for the taxi and hire vehicle industries.

Within the next two years, the Government will be undertaking a wholesale review of the regulatory regime that applies to taxis, hire cars and ride-sourcing services to ensure that our regulations appropriately accommodate contemporary and emerging business models, while adequately protecting public safety and consumers' interests.

The review will be aimed at improving outcomes for all classes of service providers and consumers by reducing the overall compliance burden for the industry *as a whole*, as well as encouraging further innovative commercial activity in the passenger transport industry.

At the end of this process, we will have an environment where businesses can compete on a level footing to seek to capture specific market segments, based on diverse and differentiated product offerings that best meet the needs of their customers.

Madam Speaker, this Bill proposes two things:

- Firstly, it will remove any doubt, that persons engaged in the provision of ride-sourcing services are able to operate lawfully, in Tasmania and introduces an appropriate level of regulation; and
- Secondly, it will provide the Government with additional flexibility to manage – for the next two years - the release of new taxi licences in areas where ride-sourcing activity has a potentially significant impact on the market.

Madam Speaker, ride-sourcing services did not exist in 2008 when the current legislation was drafted.

As a consequence, these services do not fit into any one of the three existing categories of licence contemplated under the Act.

In short, a legislative amendment is required to ensure that the historically-based taxi and hire vehicle licensing regime does not impede the operation of ride-sourcing services.

The proposed amendment to section 91E would allow a person to engage in the provision of ride-sourcing services without a taxi or hire vehicle licence, where that person, their vehicle or the service itself is subject to an exemption by the Transport Commission from the operation of section 10 of the *Passenger Transport Services Act 2011*. Section 10 deals with operator accreditation.

This new clause closely resembles a provision that existed in the legislation prior to 2008 but which was overlooked when the new Act was brought into effect.

Under the *Passenger Transport Services Act 2011*, the Commission may grant an exemption in writing from the operation of any provision of the Act to a class of persons, motor vehicles or passenger services.

An exemption may only be granted where the Commission is satisfied that compliance with the provision in question is 'unnecessary, unreasonable or impracticable' AND the exemption would not compromise public safety.

An exemption may be granted unconditionally, or on any conditions the Commission determines.

The Transport Commission has agreed, in-principle, to exempt persons engaged in the provision of ride-sourcing services from the application of section 10 of the *Passenger Transport Services Act 2011* on a range of conditions that are anticipated to include:

- The persons providing this service are utilising a computerised booking application that operates without the exchange of cash and which identifies and records – in real time – driver and journey details;
- That persons providing ride-sourcing services will be identifiable as such to the Transport Commission;
- That persons providing ride-sourcing services be fully aware of, and compliant with, all relevant Anti-Discrimination legislation;
- Ride sourcing service providers must not accept bookings outside of a booking system that meets the above definition;
- Ride-sourcing providers must not provide another person access to the booking application to provide services using their vehicle or another vehicle;
- All other current, relevant regulatory requirements applying to luxury hire vehicles, will also apply to ride-sourcing services, including drivers holding an ancillary certificate, vehicles being subject to inspection and a prohibition on standing at taxi ranks; in fact a

key point of difference between taxis and ride-sourcing services is that taxis will retain the exclusive privilege of operating taxi ranks and accepting rides from customers hailing them from the kerbside.

- The exemption would be for a time-limited period, to allow for the operation of ride-sourcing to inform a comprehensive review of taxi and hire vehicle regulation; and
- The Commission continues to be satisfied that the exemption will not compromise public safety.

Because of the unique structure of the Uber and other ride-sourcing service models, the exemption will apply to a specific class of individuals engaged in the provision of ride-sourcing services – i.e. the drivers – and not to the ride-sourcing company that provides the smart-phone application.

For the purposes of the exemption, the definition of ride-sourcing services will capture, but not specifically or exclusively apply to, Uber services.

This will ensure that the framework is 'regulation neutral' with respect to allowing for other potential market entrants, subject to them meeting the requirements that will apply to the exemption.

The Commission has indicated that it would formally make and publish an exemption to provide for the operation of ride-sourcing services, subject to the successful passage and enactment of this Bill.

Madam Speaker, it is important to note that the operation of ride-sourcing services under the proposed framework will be subject to a range of regulatory protections, which are generally consistent with those that apply to luxury hire vehicles.

The proposed exemption would only apply to operator accreditation under the *Passenger Transport Services Act 2011*.

The policy intent of operator accreditation is to ensure that passenger transport services are operated safely and that the people providing these services are of good character.

It is also intended to ensure that the operator of a passenger transport service is accountable for the operation of the service.

In the case of Uber and similar services, the 'operator' and the person that drives and owns the vehicle are one and the same. In other words, there is no separation of the operator from the day-to-day operation of the vehicle or delivery of the service.

With the exception of licensing and operator accreditation, all of the same regulatory requirements relating to luxury hire vehicles and their drivers will apply to ride-sourcing services, including the requirement for all ride-sourcing drivers to hold an ancillary certificate, which requires detailed medical, police and working with vulnerable people checks.

Ride-sourcing vehicles will also need to comply with relevant vehicle inspection regimes and hold appropriate Motor Accidents Insurance Board cover.

Furthermore, there are additional safety features present in the technology platform that Uber and other ride-sourcing companies use, and which are not currently available in the passenger transport market at present.

For example, the Uber application clearly shows the driver - through photo and name identification -and the vehicle registration in the app and the journey is GPS-tracked in real time.

Madam Speaker, the second aspect of this Bill deals with the process for the annual release of taxi licences.

The amendment will provide me, as Minister, with the flexibility to declare that the mandated annual minimum release of new taxi licences be suspended in one or more taxi areas in 2016 and/or 2017. The provision expires from 2018 onwards.

This would allow the Government to suspend the release of additional taxi licences, in response to developments in specific markets as a result of the prospective entry of Uber or other ride-sourcing services.

The Government understands that the entry of new competition in the form of ride-sourcing services may cause some disruption, particularly in areas like Hobart.

This amendment is designed to provide the Government with the ability to help incumbent operators manage this transition during the initial period but will only be utilised in the event that there is a the potential for a significant ride-sourcing presence in a particular market.

Madam Speaker,

The emerging sharing economy presents exciting opportunities that this Government wants Tasmania - as a State, as an economy and as a *community* - to embrace.

We have made it clear that we consider trying to regulate new business models like ride-sourcing out of existence would not only futile, but would potentially see us pass up the significant economic benefits that can be unlocked when we actively support and encourage innovative business models.

Of course, we appreciate the challenges that new, disruptive technologies and business models present for existing market participants.

This is why we will continue to closely consult with the taxi and luxury hire car industries to look at opportunities to address cost and regulatory pressures on these industries both in the short and longer-term. It is also why we have listened to industry and included a provision to allow for a limitation on the release of new taxi licences, where a significant ride-sourcing presence emerges.

Providing an initial framework for the operation of ride-sourcing – with a range of regulatory protections - will yield important, practical information to help frame the broader reform of our taxi and hire vehicle sector.

The lessons we learn are likely to be applicable to more than just the ride-sourcing part of the industry and may also inform how we regulate other service industries.

Ultimately, we want to see a best-practice, efficient and risk-based regulatory framework that applies appropriately to incumbent and new passenger transport industry participants and to consumers.

This is what we are working towards, and this Bill represents the first, crucial step in the process.

I commend the Bill to the House.