

DRAFT SECOND READING SPEECH
HON MICHAEL FERGUSON MP

**ON-DEMAND PASSENGER TRANSPORT SERVICES INDUSTRY (MISCELLANEOUS
AMENDMENTS) BILL 2020**

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

The On-Demand Passenger Transport Services Industry (Miscellaneous Amendments) Bill 2020 has been developed to provide for the safe, competitive and accessible operation of the on-demand passenger transport industry.

It provides a modern and equitable framework that provides consumers with choice, and operators with a level playing field.

On 30 October 2015, the Tasmanian Premier, the Hon Will Hodgman MP, committed to modernising the regulatory framework for taxi and hire vehicles via a two-stage process which included:

- introducing legislation to enable the lawful operation of ride-sourcing services in Tasmania; and
- undertaking a comprehensive review of the current legislative framework for taxi and hire vehicle services in Tasmania.

Madam Speaker, the framework has been extensively consulted on, with three rounds of consultation spanning 2016 to 2020.

This consultation has informed the development of the On-Demand Passenger Transport Services Industry (Miscellaneous Amendments) Bill brought before the house today.

The new framework provided for in this Bill has been drafted to:

- protect the safety of passengers and drivers
- promote greater competition, consumer choice and improve equity
- provide a framework that is able to respond to emerging technology and service models

- support access to wheelchair accessible taxis
- implement a 'chain of accountability' model for compliance and enforcement
- streamline regulatory arrangements, and will see the administrative costs, that have historically only been associated with the taxi and hire vehicle industry, shared across all operators.

The Bill amends three Acts that set out the regulatory framework for the sector:

- ***Economic Regulator Act 2009*** – to provide further clarity of the matters that must be considered when the Tasmanian Economic Regulator conducts taxi fare methodology inquiries. These inquiries inform the setting of taxi fares.
- ***Passenger Transport Services Act 2011*** – which is the Principal Act under which operators must be accredited. The amendments provided for in this Bill:
 - move some of the regulation of the industry from licences (under the *Taxi and Hire Vehicle Industries Act 2008*) to accreditation, providing a level playing field for taxis and other operators
 - create an operator-neutral Booking Service Provider function, which is consistent for both taxi and ride-sourcing operators
 - will charge annual fees against accreditation instead of taxi licences, providing a more level playing field and sharing costs across all operators in the industry
 - introduces a new 'chain of responsibility' model for safety, with licencees, booking service providers and drivers all able to be held responsible for those aspects of the service in which they have a role or shared role.
- ***Taxi and Hire Vehicle Industries Act 2008*** – will be amended to:
 - reflect that some of the regulation, such as annual fees, will now be captured under the *Passenger Transport Services Act 2011* as part of providing a level playing field for all operators
 - extend the moratorium on automatic annual releases of new owner-operator taxi licences by tender for a further four years. However, the Commission would be able to issue licences in the specific situation where there is unmet demand.
 - require the Economic Regulator to make independent determinations on reserve prices for new taxi licences. This will establish the minimum price to purchase an owner-operator taxi licence from the Transport Commission. No

reserve price can be reduced by more than 10 per cent per annum for the first five years.

- o allow multiple hirers in taxis, providing consistency with the ride-sourcing industry.

Madam Speaker, if passed, the Government will continue to work with industry to support the implementation of this Bill.

The implementation will be: staged, to allow for preparations and transition; undertaken over a timeframe to be finalised in consultation with industry; and supported by an industry uplift package.

The industry support package will include:

- the appointment of an Implementation Support Officer at the Department of State Growth
- \$50 000 in funding will be provided to the Tasmanian Taxi Council to support the development of a voluntary industry code of conduct and service quality, and to support the Bill's implementation.

The Implementation Support Officer will work with the Tasmanian Taxi Council to support its development of a code of conduct and service quality.

This Bill complements the support the Government has provided to the taxi and hire vehicle industries as part of our Social and Economic Support Package developed in response to the COVID-19 pandemic.

Through the *COVID-19 Disease Emergency (Miscellaneous Provisions) Act 2020* and the *COVID-19 Disease Emergency (Miscellaneous Provisions) Act (No. 2) 2020*, the Government has:

- waived the annual administration fees on taxi and luxury hire car licences for 2020, and refunded those that had already been paid
- provided operators with the ability to freeze their vehicle registration if not in use, enabling reactivation after the emergency period for the term they were frozen, or for a refund to be provided
- put in place a mechanism to prevent the legislated annual release of new taxi licences in 2020

- allowed vehicles approaching their end of working age to remain in service during the emergency period to support accessibility and to avoid further financial hardship for owners and operators.
- In addition, we provided for free vehicle registration for the industry, in certain circumstances.

For vehicle registrations falling due between 1 March and 30 September 2020, taxi operators can choose to either continue operating a vehicle, and apply for have their vehicle registration extended for a 12 month period, at no charge; or pause the registration of their taxi and later reinstate the registration at no cost.

Madam Speaker, I will now provide an overview of the key elements of the framework captured in this Bill.

Booking service providers & accreditation

This Bill introduces the concept of 'booking service providers' to the regulatory scheme. This will put in place consistent requirements for accreditation for both taxi and ride-sourcing operators.

As part of this change, the annual administration fees for taxi and luxury hire car licences will be replaced with a broader annual fee that will be paid by accredited operators on a per vehicle basis.

This levels the playing field and will see companies such as Uber accredited for the first time. They will also be required to pay the new annual fee on a per vehicle basis, spreading the costs across the industry.

The setting of the annual fee will be based on the following principles:

- the approach will be consistent across all booking service provider operators
- the fee amount will be no more than the lowest rate of the annual administration fees paid by the taxi industry, indexed at 2020 levels.

This levels the playing field by providing consistency and will reduce the financial burden for taxi operators.

Chain of responsibility

Madam Speaker, the Bill adopts a 'chain of responsibility' model of safety for the on-demand passenger transport industry. This provides that safety is the shared responsibility of:

- the accredited operator;
- the responsible person for the accredited operator;
- an operator who is affiliated to a booking service provider;
- the driver; and
- the registered operator of the vehicle.

The level of responsibility is informed by that person's function or role, the nature of the safety risk, and the person's capacity to control, minimise or eliminate the risks. The Bill introduces new offences for breaches of safety duties, with fines and terms of imprisonment based on the seriousness of the offence.

Suspension of annual tender for new licences

This Bill suspends the mandatory annual release of new taxi licences by tender in 2021 through to 2024. This has been included in response to industry concern raised through consultation around oversupply.

It extends the 2020 suspension, which was part of the Government's Social and Economic Support Package, and the previous suspension from 2016 to 2018.

To ensure the framework is able to adapt to emerging situations, the Bill provides the Transport Commission with the authority to issue new licences during this period, where there is unmet demand.

Reserve price determinations

This Bill will provide for the independent Tasmanian Economic Regulator to review and set reserve prices for new taxi licences. Reserve prices are the minimum value at which a licence can be sold by tender, and vary according to taxi areas.

This new arms-length model replaces the existing static reserve prices. The Regulator would only be permitted to reduce reserve prices for any given taxi area by a maximum of ten per cent per year, for the first five years.

Other amendments

Madam Speaker, the Bill makes several other changes to the on-demand passenger transport industry:

- The Bill gradually reduces the licence fee for a luxury hire car licence from \$5,000 to \$0 over 5 years.
- It allows taxis to take multiple hirers, providing an economic benefit to consumers and parity between taxis and ride-sourcing providers.
- Taxi areas will be captured in a detailed electronic map, to be available online, which must correspond with regulations. This replaces the current descriptive text and provides a more accessible, transparent, easy to interpret source of information that can be updated to include new service areas as required. For example to include new subdivisions and developments as they come to market, that are not currently within the boundaries of existing taxi areas.
- New maximum age requirements for Wheelchair Accessible Taxis, and safety benefits for the rest of the fleet.

Implementation plan

This new framework represents a significant change to the way on-demand passenger transport operates in Tasmania. It supports the taxi industry to adapt and survive. The change is needed

to ensure that services remain competitive, contemporary and meet passenger expectations and can offer a safe and reliable service to Tasmanians.

It provides a new focus on professionalism across the whole industry, and quality of service, with the aim of increasing pride and industry reputation and thereby greater consumer confidence in the taxi industry.

Given the nature of the changes, the framework will be implemented in stages over a time-frame agreed with industry. This will ensure that operators and the Government can prepare for the changes in a collaborative and consultative way.

Early implementation will include, where possible, proclaiming those changes that are expected to provide a financial or administrative benefit to the industry.

Conclusion

Madam Speaker, this legislation will provide an equitable and level playing field for the on-demand transport industry. The legislation has been collaboratively drafted and is reflective of the extensive consultation undertaken with industry representatives.

These changes are designed to promote safety, increase consumer choice, improve equity and provide for the delivery of accessible services, accommodate new technologies and, where appropriate, reduce the regulatory burden on industry.

I'd like to say a special thanks to all industry participants for their support and engagement to develop the Bill to this stage today.

Madam Speaker, I commend this Bill to the House.