



REPORT TO THE ACT GOVERNMENT

EVALUATION OF THE 2015 INNOVATION REFORMS TO THE ON-DEMAND TRANSPORT INDUSTRY IN THE ACT

(INCLUDING TAXIS, HIRE CARS AND RIDESHARE)

SUMMARY REPORT

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INTRODUCTION

The ACT Government committed to reviewing its 2015 *Taxi Industry Innovation Reforms* (the Reforms) after their first 24 months of operation.

The evaluation of the Reforms looked at how the travel experience has changed for customers, including people with a disability, and identified changes from initial market characteristics, including how the presence of digital technology is affecting passengers.

The evaluation also considered whether the market is operating efficiently or if there are elements that could point to failure of the market to reach its greatest potential, such as a presence of dominant suppliers; inefficiencies in productivity or allocation of resources; or negative externalities such as patterns of safety incidents.

The on-demand transport industry (ODTI) in the ACT includes taxis, hire cars and rideshare services. The ACT Government's reforms to the ODTI created better services for our community, new employment opportunities and net economic benefits.

At their heart, the Reforms were crafted in the community interest. Canberrans are now paying lower overall fares (according to evaluation surveys) for a wider variety of services, and they are reporting strong satisfaction with the quality of those services.

For participants in the industry, change since the introduction of the Reforms has been significant. There has been a net increase in the use of on-demand transport services – with an increase due to the introduction of rideshare and growth in wheelchair accessible taxi (WAT) services. Demand for taxis was predicted to decline with or without the Reforms, and this decline has occurred. Since the reforms began, the number of hire car licences has grown from 30 to 58.

To make it even easier for locals and visitors to get around our city, and to address inherent market imbalances in remaining regulation in the taxi industry, this evaluation proposes further reforms, like removing the taxi licence cap and deregulating booked taxi fares. These reforms would be accompanied by transitional arrangements as well as safeguards for consumers, like retaining a regulated supply of WAT licences.

The evaluation is underpinned by complementary analysis, including results found in the report *Results of community engagement* and reports prepared for the evaluation by the Centre for International Economics on reform outcomes and stakeholder impacts.

EXECUTIVE SUMMARY

With the highest population growth rate of any jurisdiction in Australia and one of the lowest unemployment levels, the ACT currently has one of the fastest growing economies in Australia. The ACT Government, through its investments and policies, has sought to promote innovation and support a stronger and more diverse economy.

The ACT Government's 2015 reforms to the on-demand transport industry (ODTI) have contributed to these broader outcomes for the community by providing net economic benefits and new employment opportunities and by permitting new services and activities.

Prior to the Reforms, the ACT's ODTI had a dominant taxi network operating in a market that had been highly regulated. Other smaller taxi networks were operating, including the dedicated wheelchair accessible taxi (WAT) booking service. Hire cars had been deregulated earlier but were contained within a niche market.

The Reforms changed the market with the nation-leading legal introduction of rideshare and actions to reduce costs and regulation of taxis. While there continues to be a dominant taxi transport booking service (TBS), there are new entrants in the taxi market; and rideshare has taken off quicker than expected, with new entrants to the rideshare market emerging in addition to a dominant provider. The number of hire car services has also grown.

Overall, the Reforms have been positive for consumers of on-demand transport services in terms of both service and fare levels.

The introduction of rideshare in the ACT has seen greater differentiation in prices for services and high levels of consumer support and satisfaction. Levels of safety in the industry have been maintained. There has been strong and continued growth in WAT services. Finally, competition in the market is increasing, although it is still highly concentrated, with dominant providers of taxi and rideshare booking services. Various incumbent industry participants remain challenged by the current transition of the market.

There remain further market and operational matters that will require attention to support the industry over the longer term.

While there has been success in developing greater competition through the introduction of rideshare, the potential of the taxi sector remains hamstrung by regulatory barriers. Taxi operators are being 'squeezed' by greater competition for passengers but are without the competitive factors needed to place downward pressure on their costs.

Government maintains regulation over supply and pricing of the taxi market. But, for sections of the market that are contestable, the outcome may not actually benefit the consumer.

Meanwhile, maintaining regulated maximum taxi fares over the Reform period has provided consumers with a benefit in real terms. However, the basis for setting taxi fares requires review, given calls from industry for the composition of the model to be updated and concerns with the quality and availability of supporting data.

Accessible transport remains a niche market outside of strong competitive forces providing services to people with a disability and those with mobility issues. The 2015 Reforms had largely left this section of the market untouched, and standard-taxi services through standard taxis have been supported through ongoing taxi-only subsidy arrangements. This has limited the potential access to alternative services such as rideshare (and therefore the opportunity to trial different pricing and service quality options).

The number of WAT services booked through the managed booking service 13WATS has grown over the evaluation period, and providers are generally praised by passengers. However, there are still opportunities to promote service access and quality.

As a result of this analysis, this report includes the recommendations provided to the ACT Government for its consideration.

Recommendations touch on several key themes:

- *Deregulate taxi supply* – after a limited transition period, allow industry to take responsibility for matching taxi supply with consumer demand (as per hire cars and rideshare) and remove impediments to competition and operation of the market.
- *Industry assistance* –
 - for *perpetual taxi licence holders*, financial assistance is not proposed. Instead, support services such as financial and personal counselling are recommended; and
 - for *taxi operators*, transitional assistance should remain an option if reforms to taxi supply are not progressed and there is a need to support the provision of services to the community.
- *Fare deregulation* – there is an opportunity to deregulate fares for booked taxi services subject to further actions to promote competition in the taxi sector. Fares for ‘rank and hail’ services and people with mobility issues should remain regulated as part of a community safety net for on-demand transport.
- *Accessible transport* – there is a need better align incentives to support and improve the provision of accessible transport services.

1. INDUSTRY CONTEXT

1.1 TRANSPORT IN THE ACT

In 2015, the means of transportation in the ACT were diverse, with a dominant focus on individual car ownership and usage. There was a variety of passenger types, cut across geographic, socio-economic and purpose-of-travel lines, with the population distributed across urban, suburban and rural zones and continuing to grow and age. In comparison with other cities, the Territory's population was not as geographically dense two years ago.

A significant number of residents and visitors to the ACT use ACT Government public transport services as well as private transport. In 2015, this was principally in the form of scheduled bus services, whose routes reached across the Territory. Light rail services were still at the planning stage.

At that time, the community could also use on-demand public transportation modes that comprised taxis and hire cars, operated by private enterprises. There were also diverse, unscheduled means of travel available, such as private or rental cars, community buses and popular active transport modes such as cycling and walking.

1.2 ACT ON-DEMAND TRANSPORT PRE-REFORM

Taxis

In 2015, around 288 standard taxis provided services to passengers within the ACT and the City of Queanbeyan (under a cross-border agreement with New South Wales). There was a regulated cap of 332 on the number of standard taxi licences that could be issued in the ACT.

Wheelchair accessible taxis

Structurally, wheelchair accessible taxi (WAT) services did not change significantly between 2015 and 2017. WAT taxis provided priority services to passengers in wheelchairs through a managed booking service. They also served passengers without disabilities and conducted standard and high-occupancy hirings when not giving priority to WAT hirings. Their standard bookings were offered from their affiliated network booking system. However, all wheelchair hirings and the booking of these jobs were coordinated through the WAT Centralised Booking Service (WCBS), provided by a third party. In 2015, there was a regulated cap of 26 WATs.

Taxi networks (now known as Transport Booking Services)

Prior to the Reforms there were three main ACT taxi networks: Aerial Capital Group (Elite, Silver Service, Qe), CabXpress and EBA Solutions (as providers of 13WATS). Aerial was dominant, with over 90% of the ACT standard and WAT fleet. CabXpress had affiliations with 24 taxis. EBA Solutions was dedicated to WCBS under contract with the ACT Government.

Taxi operators

Prior to the 2015 reforms, there were two taxi operator models: accredited taxi operators and owned taxi vehicles. They could either obtain a taxi licence by leasing a taxi licence from the government or the holder of a 'perpetual' taxi licence or acquire a perpetual taxi licence. They could operate one or more taxis. Prior to the 2015 reforms, ACT taxi operators had to affiliate with a single ACT taxi network as a regulatory requirement (except during the Independent Taxi Operators Pilot (ITOP)).

Taxi drivers

A driver could be either an operator/owner of a perpetual or government-leased taxi or simply a driver who drives for an operator on a full-time or part-time basis.

Taxi market

In 2015, the taxi industry was recognised as an inherently volatile market for passenger demand across the ACT, shaped largely by Commonwealth Parliament sitting periods, major events and general economic conditions.

Hire cars

Hire cars also offered point-to-point service, although they were typically pre-booked further in advance than taxis. Hire car services were provided by independent operators and various booking services. In March 2015, there were 38 hire cars operating in the ACT. There were also 79 restricted hire cars, which could only be hired for weddings and school formals.¹

1.3 TAXI INNOVATION REVIEW

On 28 January 2015, the Chief Minister, Andrew Barr MLA, and the then Minister assisting the Chief Minister on Transport Reform, Shane Rattenbury MLA, announced an ACT Taxi Industry Innovation Review to examine the potential use of new technologies for the local industry.

This review was an acknowledgement that the on-demand transport industry is evolving. Canberra operators and networks had already introduced new technologies, and there was potential for further innovation through alternative digital technologies and business models.

The ACT Government considered change to the industry in conjunction with industry and community stakeholder input. Matters considered as part of the review included:

- the entry to the marketplace of digital alternative booking and payment regimes;
- the safety of passengers, drivers and vehicles, and the community;
- efficient and sustainable supply to the marketplace (including for special transport needs) and synergies with other modes of public transport;
- the level of surcharge on electronic taxi fare payments (including surcharges applied by other jurisdictions across Australia); and
- compliance among existing and new drivers and operators with the *Disability Standards for Accessible Public Transport 2002* (Cth).

In addition, the review examined the Australian Government's Competition Policy Review, conducted by Professor Ian Harper, which included recommendations to promote competition in the taxi industry.

1.4 2015 REFORMS

On 30 September 2015, the Chief Minister and Minister assisting the Chief Minister on Transport Reform announced reforms to the taxi and on-demand transport industry (ODTI) in the ACT. These resulted in the ACT being the first jurisdiction in Australia to legalise and regulate ridesharing services, such as uberX, and the first capital city in the world to regulate ridesharing before the service had begun.

The 2015 Reforms were delivered in two phases:

- Phase 1, which commenced on 30 October 2015, was an interim phase that allowed authorised ridesharing and other innovative booking services to operate subject to safeguards such as criminal history and driver history checks of drivers. Phase 1 also saw an immediate reduction in fees for taxis and hire cars.
- Phase 2, which commenced 1 August 2016, saw the introduction of an amended regulatory framework that built on safety, competition and operational and industry-structure themes from Phase 1. These changes were designed to further support the evolution of an ODTI that provided broadened consumer choice, with strong accessibility, and a more competitive, viable and sustainable industry over the long term.

Taxi licence release

On 7 February 2017, the Minister for Regulatory Services, Gordon Ramsay MLA, announced that the 50 unallocated ACT Government-owned taxi licences would be made available in a staged release program up to the regulated cap of 358 taxi licences. Based on an assessment of market conditions and consultation with key stakeholders, batches of ten taxi licences would be available for lease on a quarterly basis from 1 March 2017.

After considering current market conditions and the feedback from stakeholders, 20 taxi licences were released in 2017. These included ten standard taxi licences in March, five WAT licences in June and a further five standard taxi licences in September. No additional licences were made available in December 2017. The taxi licences are allocated via the taxi waiting list system.

1.5 EVALUATION OF THE REFORMS

In announcing its 2015 Reforms, the ACT Government indicated that it would observe and evaluate their impact across a 24-month period. The formal evaluation commenced in October 2017.

The evaluation:

- assessed the impacts and achievements of reforms against the government's original vision and design principles for the program; and
- investigated ways of improving the program (if any).

The success of the reforms was assessed against:

- net community and consumer outcomes (quantity and quality);
- safety of passengers, drivers and vehicles, and the community;
- efficient, accessible and sustainable supply to the marketplace; and
- the extent to which competitive forces have developed, or are developing, in the market, and the associated consumer benefit.

Evaluation process

The evaluation included a desktop review of available materials and input from stakeholder feedback gathered through surveys, submissions and interviews or focus groups with key industry participants. Feedback was also sought on outcomes of similar reforms underway in other Australian jurisdictions.

The evaluation has been supported by an Evaluation Committee comprising representatives from various ACT Government directorates.

Stakeholder engagement

Stakeholder engagement was conducted through an Implementation Working Group (IWG) and Stakeholder Forum, which operated through the taxi industry innovation reform process.

In July 2017, to support the stakeholder engagement process, a summary discussion paper was made available on the Access Canberra website.² Quick polls and surveys were promoted through the ACT Government's YourSay and Access Canberra websites.³ Submissions were also received from key stakeholders. Details are included in the separate report, *Results of community engagement*.

Economic modelling

The Centre for International Economics (CIE) undertook economic modelling to support the analysis of the evaluation. It has provided two reports:

- *The impacts of ACT on-demand transport reforms*; and
- *Impacts on taxi stakeholders of the ACT on-demand transport reforms*.

2. EXAMINING THE MARKET

The conditions of the ACT on-demand transport market are drawn from:

- consumer/user survey results;
- transport booking service (TBS) reporting to third quarter of 2017;
- the Taxi Fare Review undertaken by PSI Asia Pacific;
- Centre for International Economics analysis; and
- Canberra Airport, through movement data.

There is no single, definitive measure that determines market conditions and competition. A range of measures are taken into account. The measures ensure that the industry is there to provide the services consumers want, at a level of price and service that makes them accessible and safe to the community.

2.1 MARKET DEMAND

Overall there has been a net increase in the take-up of on-demand transport industry (ODTI) services in the ACT across the evaluation period.⁴ Demand in the market is volatile, with significant seasonal, monthly and weekly variation. The variation is attributed to a range of factors, from pronounced slowdowns associated with end-of-calendar-year holidays to an increase in demand during Commonwealth parliamentary sittings.

There is now a significant presence of rideshare services in the sector, particularly on weekends and evenings. A substantial part of this demand appears to be additional demand rather than a substitution from taxi services. Use of taxi services has decreased from the levels that existed prior to the Reforms, settling to a level understood to be consistent with that in 2013.

The number of booked wheelchair accessible taxi (WAT) services has continued to grow. The number of booked WAT trips grew by around 5% in 2015–16 and 8.4% in 2016–17. Figures for 2017–18 show similar increases.

Additional air transport services (both local and international) at Canberra Airport have supported the growth in demand for on-demand transport services.

Since the taxi licence cap of 358 was set in 2011, the ACT population has increased by 12%, to 410,301, with ACT Treasury projecting a further increase of 3% between 2017 and 2019, to 421,839. In addition, between 2011 and 2017 the number of visitors to the ACT increased by 36%, to 4,944,975, according to Tourism Research Australia and Visit Canberra. Using a time-weighted calculation, it is estimated that the number of visitors may increase by another 8% between 2017 and 2019, to 5,334,085.

2.2 MARKET SUPPLY

There has been clear growth in the supply of on-demand transport since the Reforms, as evidenced by the availability of rideshare services and the number of licensed service providers.

Rideshare

There has been considerable uptake of rideshare services in the ACT. Uber reports just under 1,000 active rideshare drivers, many of them part-time, are operating in the Territory. The numbers of drivers for other rideshare services are not known.

Taxis

Since the March 2017 licence release, there have been 328 ACT-licensed taxis available (an increase of 20 taxis). The licences are made up of 292 standard taxis and 31 WATs. As a result, the number of available ACT taxis has increased by approximately 0.05 taxis per thousand people to approximately 8.9 taxis per thousand people.⁵

As at 1 November 2017, the number of booking services for taxi services had increased – from Aerial and CabXpress networks, 13WATS and goCatch – to nine licensed TBSs. The number of licensed hire car TBSs stood at five, while rideshare TBSs were at seven (although only three were actually operating in the ACT).

Hire cars

The number of licensed hire car operators and drivers has also increased over the reform period. Over the evaluation period, the number of licensed hire car vehicles increased from 38 to 58 (or by approximately 39%).

2.3 MARKET COMPETITION

Reform outcomes

Current market conditions and behaviours are supportive of the beginnings of effective competition in the ACT on-demand transport market. However, further adjustments to policy settings would support the continued development of competitive forces in the market.

As a result of the Reforms, there has been increased competition in the market through the entry of new providers.

The market has shifted, with two main TBSs now operating in the ACT rather than one, but it remains highly concentrated – as a duopoly⁶ with two main providers. Competition within the taxi market is progressing but constrained by supply regulation. Take-up of rideshare is greater than initial expectations over the evaluation period. Competition within the industry's rideshare component is in its infancy, with the recent entry of a national and a local provider.

Market composition and concentration

Since the Reforms, the ACT has seen multiple new booking services commence operation, including the introduction of rideshare services, a new traditional-style taxi 'network' and additional TBSs. The number of hire car operators has also expanded.

Notwithstanding the above, measures that the evaluation used for industry concentration suggest that the ACT ODTI remains highly concentrated.

Market pricing

There is evidence of different pricing schedules advertised between service types and within rideshare services. There are alternative pricing structures available for rideshare services between Uber and goCatch. Additionally, surge pricing can apply (except in emergencies).

For taxis, maximum regulated prices continue to be the applied formula for fares. While some TBSs indicated interest in offering discounts to consumers, there has not been any indication of active discounting in the market, although there is an emergence of ‘fixed fare’ taxi pricing being offered under the maximum regulated fare.

Product differentiation

Taxis offer standard, wheelchair accessible and premium services. Taxis may also perform rank and hail services, which rideshare and hire cars are not permitted to provide.

WAT services are distinct in their services. While they provide standard taxi services, they must give priority to wheelchair bookings and, due to their capacity, may also act as maxi- and group taxi services.

Hire cars provide premium (e.g. limousine or classic car) services on a day-to-day or restricted basis.

Safety features – including licensing and accreditation of participants, the ability to identify parties to a transaction and the ability to track hirings via GPS – are comparable between services.

Consumer ratings provided by TBS reporting and surveys suggest a higher passenger satisfaction with or perceived quality of rideshare when compared with taxis. Hire cars have high quality ratings in line with their service; however, the differentiating point is more to do with price.

For taxis, consumer surveys suggest a much greater level of consumer dissatisfaction across service elements than for rideshare and hire cars—for example, 28.76% dissatisfaction with taxi driver service compared with 4.1% for rideshare and 0% for hire cars.⁷

Rank and hail

The taxi industry has exclusive access to the rank and hail market, recognising the additional requirements for livery and cameras that assist in identifying parties to the transaction and promoting safety for the transport service.

Other factors

Critical mass

In 2002, as part of its report on the future direction of the ACT taxi and hire car industry, the Independent Competition and Regulatory Commission (ICRC) determined that around 60 to 70 taxis represents ‘critical mass’ for a second taxi network to fully service Canberra.⁸ Given the spatial and population growth in the ACT, this was considered to remain a reasonable estimate.

The two small taxi networks (as distinct from app-based taxi TBS services) have fleets well below the described critical mass. In part, these services have been constrained by ongoing restrictions on taxi supply. The only other way to grow would be to incentivise drivers and operators from the dominant market player – actions that may be limited by their smaller size.

ACT market size and features

During the 2015 Taxi Industry Innovation Review, it was noted that some commentators had suggested that the market size and low population density in the ACT could inhibit the development of competition in on-demand transport services in the ACT.⁹ This hypothesis does not appear to have been realised given the increase in services observed over the evaluation period.

Level playing field

During the evaluation, the Canberra Taxi Industry Association (CTIA) and taxi service providers argued that further work is required to address underlying regulatory differences, and differences in cost structure, to ensure a level playing field between the different on-demand transport services.

Some regulatory differences relate to the nature of services provided (e.g. for rank and hail) are expected to remain.¹⁰ Other regulatory differences, such as seen in fare regulation, are considered as part of this evaluation and may be subject to change.

Of the major taxi costs, taxi booking service fees for operators are themselves related to the extent of competition for supply in the market. Compulsory third-party (personal injury) (CTP) insurance arrangements are being examined (via a citizen jury¹¹). Costs of taxi licence leasing are considered as part of this evaluation in connection with taxi supply and impacts on perpetual taxi licences.

Competition between operators and drivers

During the evaluation, the CTIA suggested that competition in the market is really being conducted between the hundreds of operators and drivers in the market. However, it is appropriate to look at competition at the TBS level in determining whether competition in the market is effective from the viewpoint of consumers. Pricing outcomes are set either through regulation or at the TBS level. There is evidence that TBSs are able to affect service quality outcomes. Common branding of affiliated taxis and labelling/app access for rideshare denotes an organisational reputation influencing the market.

3. CONSUMER IMPACTS

The ACT Government's 2015 Reforms to on-demand transport have been consumer focused and conditional on maintaining or improving public safety and accessibility.

Consumer perceptions, reported market conditions and modelling indicate overall positive outcomes arising from the reforms. However, there remains further opportunity for improved pricing and service quality outcomes.

Modelling of scenarios on the benefits of the Reforms have been revised to reflect the market data available over the evaluation period and suggests that benefits for consumers have been higher than expected. The results suggest benefits in 2016–17 for consumers of \$6.4 to \$8.8 million. This is largely attributed to the more rapid uptake of ridesharing and expansion of the market for on-demand transportation services.

3.1 FARES

The Centre for International Economics (CIE) originally estimated that the Reform package would have net benefits of \$3.4 million in 2016–17. A major contributor to estimated increases in consumer benefit resulting from the Reforms was a presumed decline in overall fare levels. This was in line with the consumer focus of the Reforms.

During the evaluation, ACT customers perceived taxi fares as high. They also perceived that rideshare fares, as offered by the uberX brand, were attractively lower than taxi fares.

With the introduction of rideshare, consumers now have access to differentiated fares at general service levels. Rideshare providers are offering Canberrans new fare structures.¹² The presence of surge pricing for rideshare trips has the potential to add to the cost of a rideshare trip, depending on demand in the market at points in time. Uber drivers have noted that surge pricing is not a 'regular occurrence' on trips in the ACT.

Described market conditions point to rideshare services with lower average fares than taxi services. Alternative pricing structures between rideshare and taxis provide differential fares between services and providers.

The ongoing development of competition and reduced costs for taxi operators and casual drivers may yet stimulate further taxi fare discounting.

Taxi fare review

Prescribed maximum taxi fares have not changed since the Reforms commenced. Holding fare levels constant provides for a reduction in prices in real terms over time.

3.2 SERVICE QUALITY

The introduction of additional and innovative travel mode choices was intended to contribute to improvement in standard-taxi services and the availability of broader and more nuanced, quality travel services.

Results from evaluation surveys highlighted respondents' satisfaction levels with the elements of quality outlined above. Satisfaction for survey respondents was highest for rideshare, followed by hire cars and then taxi services.¹³ Survey respondents indicated they more readily substituted taxi

service for rideshare service when it commenced (52.6% using less taxi services), but hire car passengers far more readily continued to use this niche service.

The take-up of ridesharing services, which was more rapid than expected, also suggests that consumers are finding the ridesharing service value for money.

Wheelchair accessible taxi services

In 2011, reforms to wheelchair accessible taxi (WAT) services included establishing a WAT Centralised Booking Service (13WATS), which substantially improved the operation of this service for the community. The 2015 Reforms sought to uphold these quality gains, including the essential elements of safety and availability.

During the evaluation period the number of WAT available licences increased from 26 to 31.

The Taxi Subsidy Scheme (TSS) provides financial assistance to ACT residents with a disability or significant mobility restriction that prevents them from using public and community transport. The TSS supports social inclusion and economic participation of community members who would otherwise be at risk of social isolation.

TSS members were surveyed to understand their perceptions of the impact of the Reforms on the quality of taxi services (including WAT services) for people with mobility issues. A high number of replies were received from TSS members. However, the majority had not used rideshare services (over 97%) and did not plan to (over 90%). This is not unexpected given TSS members' need for subsidised transport, which is not available to rideshare passengers.

TSS members generally indicated a very positive experience of the WAT service, with certain WAT drivers being exceptionally strong in service and safety.

Respondents generally indicated either no change to or an improvement in the quality of WAT services, with far fewer indicating a deterioration of service. Curiously, 14.5% indicated worse pricing, despite a constant regulated maximum price. Some respondents identified WAT drivers who provided unsafe loading, securing and unloading procedures; and drivers who were unfamiliar with routes or did not handle fare or TSS transactions correctly.

Respondents praised the 13WATS service and indicated general satisfaction with wait times for booked travel.

Taxi Subsidy Scheme respondents' use of standard-taxi services

Respondents indicated a broadly similar response for standard-taxi services, although markedly fewer indicated improvement in fare levels and safety levels. Just over 17% indicated a worse outcome for pricing.

There was a range of TSS member concerns relating to standard-taxi drivers, including taking inappropriately long routes to destinations; accepting only cash fares or refusing TSS smart cards; refusing to stow walking aids; driving away from ranks upon seeing a disabled passenger (so-called 'rank running'); being unfamiliar with the location of commonly known destinations; or being unable to converse readily in English.

Complaints and safety

There was no evidence of a systemic reduction in passenger safety resulting from the Reforms. There are ongoing individual safety and privacy matters, but they were found to be of a form that predates the 2015 Reforms and they are dealt with through the existing regulatory framework.

Safety requirements

As part of their licensing, taxi, hire car and rideshare drivers are subject to character, driving and medical checks to promote safety.

Additionally, reporting requirements apply for any safety incidents and vehicle condition. Under the *Road Transport (Public Passenger Services) Regulation 2002*, bookable vehicle drivers are required to report notifiable accidents, vehicle defects and faults.

For transport booking services (TBSs), the requirements ensure that only appropriately licensed drivers are employed. Service standards require that a TBS must have in place a driver monitoring and disciplinary program. The monitoring and disciplinary program can address a series of complaints about a driver warranting investigation by the TBS or referral to the Road Transport Authority (RTA) or a single complaint that is considered serious enough to be referred to the RTA. Compliance with this requirement is subject to action by the RTA. For taxi TBSs, there are additional requirements around the holding and supply of digital footage from security cameras to support actions by passengers, the RTA and ACT Policing.

With the Reforms maintaining safe driving and operating requirements, and the RTA retaining responsibility for licensing, accreditation, compliance and enforcement, there was no discernible loss in overall regulatory standards.

3.3 ACCESSIBILITY – WHEELCHAIR ACCESSIBLE TAXI SERVICES

There were positive outcomes for WAT services in terms of consumer performance. However, industry providers have not been immune from the competition impacts on the standard taxi service component of their work.

Policy and regulation

Taxis, hire cars and rideshare are available to all members of the public. All taxi, hire car and rideshare drivers are expected to demonstrate competencies with respect to the operation of the *Discrimination Act 1991* (ACT) and the transport needs of people with a disability. There are also specialised services for taxis (WATs) and rideshare (uberASSIST¹⁴).

All WAT bookings in the ACT are undertaken through 13WATS – a managed booking service provided by EBA Solutions. WAT drivers are required to give priority to 13WATS bookings but may also operate account bookings (which must be run through 13WATS). When not subject to priority requests, WATs may provide ‘standard’ taxi services – in particular, for larger group bookings, given WAT vehicle capacity.

Supply of WAT services by operators and drivers is incentivised through low licensing fees (\$100 for a dual-wheelchair capacity WAT and \$1,000 for a single); lift fees (which compensate drivers for the time taken to load, secure and unload passengers with mobility equipment); an ability to run the taxi meter during loading and unloading; and proactive management of bookings.

Lift fees for drivers are obtained through subsidies from the TSS (administered by the ACT Revenue Office); additional lift fee allocations are also available through Access Canberra. Interstate travellers must have special vouchers for a driver to obtain a lift fee.

Supply

Overall, the availability of accessible transport has increased during the Reforms, principally through direct changes in WAT vehicle supply.

In June 2017, based on stakeholder input and market conditions, the government increased the number of WAT taxi licences from 26 to 31 (a 19% increase). WAT licensing is also subject to the operation of a waiting list for the allocation of licences on an ongoing basis as part of the general reforms.

Given the nature of this sub-market, it is prudent to retain the current regulated cap at this time to support operator viability during ongoing industry transition. This recognises an additional range of factors, including higher up-front costs (e.g. larger vehicle and fit-out); an absence of evidence of competition for WAT services; crossover impacts from standard services reducing overall revenues; and anecdotal advice on limited availability of drivers across the week.

Demand

The number of bookings for WATs made via 13WATS continued to increase strongly through the evaluation period, at 33,954 at the end of fiscal year 2016–17. In 2016–17, WAT bookings increased over the prior year by 13.8%, and similar growth was seen over the first quarter of 2017–18.

Affordability

The pricing of fares for trips in taxis, including WAT vehicles, is subject to the regulated maximum fares and the operation of the ACT's TSS. There are two categories of subsidy under the TSS: a 50% and a 75% subsidy. Subsidies are applied based on the severity of the person's disability.

Generally, respondents to evaluation surveys on accessible transport were strongly supportive of the TSS and its effectiveness in supporting transport for enabling engagement with the community and personal needs. In free-text survey comments, numerous respondents noted that the TSS program made socialisation, access to medical services and other essential services, and overall mobility from the home, possible. However, there were also comments regarding standard-taxi drivers not accepting TSS-transaction fares.

The pricing of uberASSIST fares in Canberra is the same as the pricing for uberX. The TSS does not currently apply to rideshare or hire cars.

Some consumers reported their ongoing annoyance with the lack of interstate operability of the TSS and refusal by some taxi drivers to accept TSS smartcards. This refusal is anecdotally advised to be associated with drivers having to wait for payment.

Quality

The waiting times for WAT services continue to meet the peak and off-peak period performance targets, and there is no indication of any deterioration since the 2015 Reforms commenced. However, some customers raised concerns with long wait times during traditional peak periods.

Strong driver performance in customer service was evidenced in TSS member surveys.

The 13WATS booking service also received strong reviews for patient and careful service and for contributing to lower wait times.

Service provider viability and availability

WAT operators cited a 20% drop in income since the Reforms due to losses associated with the provision of 'standard services', which still comprise a substantial proportion of WAT vehicle business. They also advised of greater difficulty in obtaining drivers for weekend and night shifts, suggesting that the drivers opt to provide rideshare services at those times.

The ability of 13WATS to have even a single 'duty vehicle' available every evening and on weekends to address demand has been challenged by unreliable supply. 13WATS and Access Canberra noted that some WAT drivers, be they operators or not, have continued to not make themselves fully available during shifts for WAT passenger jobs despite requirements.

3.4 ACCESSIBILITY – NON-WHEELCHAIR ACCESSIBLE TAXI SERVICES

While WAT taxi services are available in the ACT, indications are that a substantial number of people with a disability also utilise standard-taxi services. To a lesser extent, they also use hire car and rideshare services. Therefore, the capacity and willingness of standard-taxi drivers to provide a service that is responsive, safe and caring to this cohort of passengers is critical to the community and was observed during the evaluation.

Consumer perceptions

Through discussions with the peak bodies, analysis of the results of the TSS members survey and examination of complaint records, it was clear that many passengers had positive opinions of standard-taxi services. Among positive comments, for example, were that drivers took extra time to assist with walking devices, packages and other items. Other survey respondents said drivers were patient with people who are boarding and disembarking from taxi vehicles. said said they were pleased that drivers readily accepted TSS cards – essential for receiving a discount on fares.

Nonetheless, a number of survey respondents cited issues with the behaviour of some drivers. Poor driver behaviour in providing services to passengers with a disability highlights a lack of customer service and a failure to demonstrate required driver competencies.

TBSs are responsible for ensuring competencies. Therefore, where a driver is found to have breached their responsibilities, greater compliance activity may need to be directed at the the TBS. Alternatively, joint responsibility could be assigned to infringements; however, this could be difficult where a driver is affiliated with multiple TBSs.

Recommendation

Additional education, compliance and enforcement activities across service types in relation to servicing passengers and meeting the required competencies – in particular, the discrimination competency.

4. IMPACTS ON INDUSTRY

Since the 2015 Reforms, the on-demand transport industry in the ACT has grown in net terms. Incumbent providers have been challenged by new competition; however, various parties have also taken up the opportunity to enter the market and provide services.

The estimated total economic benefits of the Reforms are an additional \$2.8 to \$3.8 million in 2016–17. The Centre for International Economics (CIE) describes this as comparable to that expected at the time of modelling the Reforms in 2015 (\$3.4 million), reflecting a range of impacts working in opposite directions. For example, reductions in network fees have not occurred to any meaningful extent and remain well above fees in other jurisdictions. However, the uptake of ridesharing services has been more rapid than anticipated.

4.1 LICENSING AND ACCREDITATION COSTS

Industry cost structures can be, and are, significant determinants of profitability/viability to on-demand transport providers (drivers, operators and transport booking services (TBSs)).

Through the Reforms, the ACT Government sought to reduce regulatory costs, both in absolute terms and as a way to level the playing field among taxis, hire car service providers and newly introduced rideshare providers.

Several significant cost reductions were made, including to:

- taxi vehicle licence fees – from \$20,000 to \$5,000 p.a.; and
- hire car vehicle licence fees – from \$4,600 to \$100 p.a.

Direct ACT Government fees and charges are broadly in alignment across taxis, hire cars and rideshare following the Reforms.

Regulatory costs

Taxi industry participants have continued to raise regulatory costs as contributing to an uneven playing field between taxis and rideshare.

Some operators have argued for further reductions in government taxi licence lease costs, whereas perpetual licence holders have sought higher values to support the value of their interests. Some community interests have argued for higher fees to act as a transfer to the community (but which would ultimately be passed on to consumers).

The fee for taxi licences does not appear to be acting as a barrier to entry given the number of individuals waiting for licences through the wait-list at Access Canberra. The market value of perpetual licence leases is well above the government licence fee, indicating that the cap on taxi numbers, rather than the fee, is the barrier to entry.

Government specified requirements

There are a range of requirements that are prescribed by regulation. During the evaluation, the following have been cited as significant and having unequal costs between the services and on-demand transport industry (ODTI) providers:

- compulsory third-party (CTP) insurance premiums;
- workers' compensation insurance;¹⁵

- TBS affiliation costs; and
- perpetual taxi licence lease fees (as compared to government leased taxi licences).

Prices for all of the above, including risk for insurance, are based on market forces, although they can be influenced by government regulations.

4.2 MARKET OPERATIONS – TAXIS

Traditional industry providers of taxi services have been strongest in their comments on their perceptions of the impact of reforms and their success in providing a level playing field for competition in the market. The participants included:

- taxi networks – now TBSs;
- perpetual taxi licence holders;
- taxi (vehicle) operators – affiliated and independent; and
- taxi drivers.

There are further actions necessary to promote effective competition on behalf of taxis and the viability of taxi operators. The factors are complex and interwoven. However, a common element is the regulation of taxi supply in an evolving transport market with a dominant incumbent service provider.

For the period of evaluation, Aerial (the dominant TBS) was the only member of the Canberra Taxi Industry Association (CTIA). So, while they provide a useful and informed perspective, the CTIA can no longer be considered representative of ACT taxi industry interests. CTIA itself admits this point.

Taxi transport booking services

Since the Reforms, new TBSs have entered the market for taxis (as well as rideshare). Aerial remains the dominant provider of taxi services in the ACT.

In response to increased competition, taxi TBSs are looking at factors such as affiliated operators' set-up vehicle costs and annual 'base' fees for taxi operators. While some TBSs might offer lower base fees, they may not be as competitive on other costs due to their size and market presence (e.g. in bulk purchase of insurance, booking volume and management of perpetual taxi licence leases). The result of this is a varied ability to attract the services of operators and/or drivers between TBSs.

Recommendation

It is recommended that any future engagement with the ODTI should involve the spectrum of TBSs.

Perpetual taxi licence holders

Perpetual licence holders advised that they are concerned with two matters:

- the leasing value of their licences; and
- the trading value of their licences.

To date, leasing values have been maintained, with annual fees remaining around 2015 levels, while the trading market for ACT licences has become relatively illiquid. The one transaction undertaken in 2017 indicated a fall in trading values. Both of these outcomes can be attributed primarily to the continued regulation of taxi supply. Impacts of future regulatory settings, and impacts of historical investment-holding choices on perpetual licence holders, are detailed in the CIE analysis.¹⁶

Taxi operators – affiliated

Over the evaluation period, the majority of taxi operators appear to have experienced intensified competition, chiefly from the introduction of rideshare services and also from a broadening number of active taxi and hire cars. However, over the same period, several key costs for operators – such as TBS affiliation fees, insurance costs and annual lease rates for those who lease perpetual licences – have not declined. This has led to a compression on net earnings of taxi operators on a per-shift basis.

Through consultations, taxi industry participants have advised of a decline in the number of jobs per taxi.

Regulated maximum taxi fares have not changed over the course of the evaluation period, and trip volumes have declined. At the same time, taxi operators advised that there had been no adjustment to their most significant costs (i.e. TBS fees, licence lease fees and CTP insurance).

As part of the Reforms, competition for taxi operator services was anticipated, as they would have the opportunity to affiliate with various TBSs. This does not appear to have been fully realised.

Despite the establishment of new taxi TBSs, there has not yet been the competition through TBS fees that had been expected.¹⁷

Operators individually described the need to reduce the costs or risk the viability of industry participants.

Licence leasing costs and network fees

The market for leasing taxi licences is split between perpetual and government taxi licences.

As part of the 2015 Reforms, the ACT Government reduced its main charge on taxi operators – lease fees for government-owned taxi licences, which fell from \$20,000 to \$5,000. This has not been replicated for the majority of operators who lease from the holders of perpetual taxi licences and are still leasing at costs in the order of \$20,000 per annum.

The ongoing regulation of taxi licence supply is the predominate factor preventing effective competition for operator services by TBSs. Regulated supply is both supporting perpetual taxi licence leasing values and limiting operators' ability to move between TBSs (due to concerns with management of leases).

As indicated above, there are varied charges across taxi TBSs. Some operators have also described the management of leases for perpetual licence holders by TBSs as inhibiting operators from choosing to take up services from alternative TBSs.

With the Reforms, CIE estimated network fee decreases for taxi operators in the order of \$9,000, subject to competition between booking services, based on interstate experiences. This has not occurred for the dominant taxi TBS. A reduction in licence lease values was also anticipated, as modelling expected the removal of a cap on taxi numbers.

With unconfirmed reports of subleasing of government licences, this difference in leasing costs could be promoting people to breach operating requirements of licences to access affordable licences.¹⁸

Assuming an average taxi fare of \$22 (suggested by TBS reporting), a reduction of \$24,000 in costs is equivalent to nearly 1,100 taxi trips, or nearly 13.5% of taxi trips (in 2014, pre-Reform).

Other

There was a reduction in CTP insurance premiums for taxis at the time of establishment of a CTP premium class for rideshare. However, a substantial pricing differential exists between rideshare and cross-border taxis, with CTP insurance premiums for ACT taxis significantly above the cost for rideshare providers and New South Wales based taxis.

Options

The following table outlines the potential pros and cons of potential options raised throughout the evaluation to address factors affecting operator costs.

Options for reducing operator costs

Option	Description	Benefit/opportunity	Cost/risk
General			
Status quo	A bifurcated taxi operator market with significant discrepancies in outcome depending on lease arrangements		Medium to longer term risks to taxi operator viability with implications for consumer access Greater compliance of licence subleasing
Deregulate taxi supply	See separate briefing	Allows market setting – removing government intervention in adjusting supply to meet demand Allows for competitive forces on operator costs Removes barriers for new operators and TBSs to compete (and some to exit) Aligns with rideshare and hire cars Removes incentive for TBS management of taxi licence leases	Negative impacts on perpetual licences and TBS to the extent that fees are subject to downward pressure from competition Likely period of market adjustment
Leasing			
Increase government lease fees	Return lease fees for government taxi licences to higher rates	Reduces/removes price differential for taxi leases and incentive to sublease	Does not support level playing field for competition with rideshare Adds costs which could be passed on to consumers
Regulate perpetual lease fees	Impose maximum fee cap on perpetual licence holders	Reduces/removes price differential for taxi leases and incentive to sublease Reduces costs to operators, promoting viability and supply of services	Negative financial impact on perpetual licence holders Risk of precedent to regulate other matters to market participants (e.g. revenue split for drivers) The additional economic rent will accrue elsewhere – most likely to the dominant taxi TBS

Option	Description	Benefit/opportunity	Cost/risk
TBS fees			
Regulate TBS base fees for affiliated operators	Impose maximum fee cap on TBSs	Reduces costs to operators promoting viability and supply of services	Potential negative financial impact on TBS Requires knowledge of TBS operations to ensure effects are not negative overall Conflicts with objectives to promote competition as a means to influence market behaviour
Prohibit the management of taxi licences by TBSs	Perpetual licences holders could not use a TBS as an agent for management of leases	Removes potential conflict of interests Support competitive pressure for operator services	Perpetual licence holders may incur additional transition and administration costs through less efficient management
Review workers' compensation arrangements	Advice through stakeholder meetings is that workers' compensation arrangements intended to support operator/driver mobility are not effective	Better align responsibility where parties are inhibiting mobility	
CTP (personal injury) insurance – Review announced on 22 August 2017 via use of a citizen jury.			

4.3 MARKET OPERATIONS – RIDESHARE

The take-up of rideshare into the ACT market is above that initially modelled for the 2015 Reforms.¹⁹ Uber has been the predominant rideshare provider in the ACT market throughout the evaluation period. There has been further entry into the market, with two additional providers in the second half of 2017: goCatch and Uza Direct. Other TBSs have been licenced in the ACT but are understood not to have commenced operations.

4.4 MARKET OPERATIONS – HIRE CARS

Responses to hire car surveys suggest no discernible impact from the 2015 Reforms on a range of business outcomes, including across costs, average hours, revenue/earnings and compliance with regulations. An individual operator did describe a reduction in the hours a vehicle was on the road as well as a reduction in the availability of drivers (possibly related). One individual driver indicated that work was harder to find.

Since the Reforms, new hire car and operators have entered the ACT market. Therefore, it would not have been unreasonable to expect some increase in competition for hire car services from new entrants.

During the evaluation period, matters were raised concerning the operation of social media groups that are allegedly offering hire car type services and a negative impact on licensed hire car business.

4.5 MARKET OPERATIONS – DRIVERS

For drivers, the 2015 Reforms looked to the opportunity to access multiple booking services and actions to reduce regulatory costs and uncertainty and therefore support positive outcomes.

Driver earnings were recognised as having the potential to impact on consumer outcomes through service quality and availability.²⁰

Background

Licensing

A substantial number of individuals are now accredited to provide driver services in the ACT ODTI (as at 1 December 2017, 2,011 for taxi services, 1,913 for rideshare services and 296 for hire car services).²¹ This compares with 1,478 taxi and 194 hire car drivers before the start of the Reforms.²²

Taxi drivers

Evaluation survey results indicate a more challenging environment for taxi drivers after implementation of the Reforms.

Income

Taxi drivers have anecdotally described a drop of income in the same order (or more) as taxi operators – around 20%. This is not unexpected, as the fare is generally evenly split between the two parties under bailee arrangements.

The ease of finding work has also deteriorated, and drivers are committing longer hours to their work.²³ One taxi TBS indicated that declining viability has caused some drivers to exit the industry. Given the low sample size, these cannot be taken to be representative; however, they do match comments from submissions and stakeholder meetings.

Demand flows across time frames and particular customer markets help to explain the change in viability for taxi drivers. A taxi TBS indicated a general decline in multi-shift work over 24-hour periods, particularly during weekdays, although more steady business from airport passengers remains. Work has also declined notably on weekends, which the TBS said was due primarily to rideshare services acquiring a substantial share of that market.

Multiple affiliation

The ability of drivers to work for multiple TBSs and across different travel modes can have an impact on their viability – and the introduction of rideshare is key to this occurring. The 2015 Reforms permit drivers to work for multiple TBSs; however, evidence does not suggest taxi drivers are working for multiple taxi TBSs. Vehicle branding and competitive factors, among others, will make this inherently and obviously difficult. However, a substantial number of taxi drivers are understood to now also provide rideshare services. Through discussions with operators and TBSs, it is understood that most of this rideshare work is undertaken over weekends.

Providing rideshare services can enable taxi drivers to address a decline in income from a lower number of taxi hirings. Drivers may also be attracted to the greater flexibility in the rideshare model and the alternative fare models.

Taxi drivers have availed themselves of the opportunity to also provide rideshare services, particularly when there is greater demand (e.g. on Fridays and Saturdays). The counterfactual for taxi operators is a reduction in driver availability. Only one surveyed taxi driver indicated an increase in the percentage share of revenue.

However, stakeholders did identify perceived negative consequences, both to the earning potential of others and the broader industry, of the provision of multi-mode services. Several stakeholders stated that taxi operators have found that taxi drivers are in shorter supply,

particularly for weekend work, since rideshare services commenced in the ACT. This shortage was said to create additional economic challenges to operators as they attempted to keep their vehicles fully utilised.

Also, drivers may be working longer hours to maintain certain earnings levels, leading to a risk of fatigue. These apparent shortages are despite an increase in the number of licensed taxi and hire car drivers.

Driver service choices, viability and other factors related to them are still changing two years after the initial Reforms were introduced.

Taxi licence release

Commencing in early 2017, the ACT Government began a measured release program of taxi licences. The releases are to make taxi licences available to industry up to the regulated cap of 358, subject to market conditions. As at September 2017, 328 licences (of which 217 are perpetual) are available to the market.

A greater number of taxi vehicles can be linked to a reduction of revenue to individual taxi operators and drivers servicing the taxi market, as more taxi drivers can service the market at a point in time (assuming no growth in demand or price).

Taxi operator–drivers

Operator drivers own or lease their taxi vehicle. They share many economic pressures with non-operator drivers but also some additional ones as well. First, they hold the burden of financing, maintaining and operating their taxi vehicle(s), including items like TBS fees and insurance. This cost is not necessarily equally shared with non-operator drivers, as discussed earlier. Secondly, and related to the cost issue, they face pressure to operate their vehicle(s) as much as possible to address their costs and may seek other drivers to run their vehicle. A number of operator stakeholders indicated that it became more challenging to obtain these drivers after the 2015 Reforms began, as many would come to provide rideshare driving services as well and at relatively lucrative timeslots during the week.

Some operators have responded by working longer hours themselves or are concentrating on providing services during peak times or in key submarkets, such as the Canberra Airport passenger submarket.

The viability of many present-day operator-drivers is ‘squeezed’ by unchanged costs from TBSs, lease costs (for perpetual licences) and vehicle and insurance costs; and concerns with (non-operator) driver availability, static regulated prices and reduced demand for taxi services.

Rideshare drivers

Rideshare represented a different work model from that experienced by taxi drivers. As a consequence, profitability for rideshare drivers looks different, too – so much so that it is even difficult to compare and judge the experience of driving for a taxi service against driving for a rideshare service.

In the ACT, as in many other jurisdictions, rideshare is promoted to prospective drivers as an attractive part-time job, with responsiveness to demand through its pricing.²⁴ For rideshare services in the ACT, there is a pronounced volatility in demand compared with other major cities in Australia, which makes rideshare driving even more suitable as part-time work.²⁵

The hours worked by rideshare drivers, particularly in Canberra, ranges from just a few hours a month to full-time work.²⁶ Uber advised that nationally the majority of its drivers drive fewer than

ten hours per week. Drivers were surveyed; however, there was only a limited response which was not statistically significant. Of those responding, the suggested times averaged 27 hours from Monday to Friday and 17 hours over the weekend. Again, given the sample size, this may not be representative. There were a few drivers who indicated that they also drove taxis or hire cars.

Access Canberra advises some churn in or dropout of licensed drivers. Throughout the Review, it was recognised there was the potential for temporary rideshare driver employment – for example, with rideshare providing an avenue for a complementary income for students or persons ‘in between’ work in their regular field. Such churn has been evident in other national and international markets where rideshare operates.

Early entry rideshare drivers have indicated that they had felt pressure from increased competition over the evaluation period as the number of rideshare drivers increased. Survey responses varied considerably on net income per hour and, given the low sample base, it is not possible to infer a representative outcome.

Rideshare vehicles are typically already owned by the driver and are also used for private transportation. Their capital cost does not necessarily have the same impact on the driver as it does on taxi operators.

One way to compare and evaluate the viability of rideshare driving is to look at the activity and earnings of a full-time driver. Uber People – a rideshare driver group – noted that a driver working full-time, particularly during between Monday and Friday, earns between \$50,000 and \$60,000 per year.²⁷ It appears that returns during the – where rideshare has a greater market share and surge pricing may be more prevalent – are more attractive’.

Fair Work Ombudsman

On 28 June 2017, it was reported that the Fair Work Ombudsman (FWO) had commenced an investigation of the contracting arrangements of Uber driver–partners to determine whether they are in breach of federal workplace laws.²⁸

Ride Share Drivers United, a group of anonymous drivers, made the request for the investigation. Some Uber drivers argue their work agreement with the company is not like that of a self-employed contractor, because Uber controls every aspect of the job other than the number of hours a driver chooses to work.

The FWO has previously considered the status of taxi driver bailment contracts and, following appeal, it determined that they did not constitute an employer/employee relationship but an independent contract relationship.

The ACT Government is monitoring the FWO investigation.

Hire car drivers

Input was received from six hire car drivers through the surveys. While the sample was small, insights were able to be gleaned about the viability of non-operator and operator drivers alike.

Broadly, the 2015 Reforms did not have a substantial impact on the viability of its participants. Hire car drivers, those who do and do not own their own vehicles, saw no change in the earnings (after costs and taxes) per shift.²⁹ Among four respondents, three saw no change in their weekly hours, while the fourth saw a decline in hours.³⁰ Four respondents – two who own vehicle and two who do not – noted that their contract terms with drivers or operators had not changed after the Reforms began.³¹

4.6 OTHER JURISDICTIONS

Since the ACT became the first Australian state or territory to regulate for rideshare, all other Australian jurisdictions have undertaken moves to review and deregulate aspects of the taxi industry and permit rideshare. Other jurisdictions around the world continue to grapple with the regulatory complexities related to the entry of rideshare and the effects of rideshare on industry incumbents.

Australia

Broadly, other Australian state and territory ODTI reforms have provided for the legal operation of rideshare and have sought to reduce regulatory costs on industry.

The impact of these ODTI reforms remains to be seen. But there are glimpses. In New South Wales, a recent report for the Independent Pricing and Regulatory Tribunal (IPART)³² describes rideshare as growing the overall point-to-point transport service market rather than substituting for taxi services.

Innovation and opportunity

The approaches across Australia to taxi and rideshare reforms share common features but are not fully consistent. There are opportunities going forward to review regulatory approaches to determine potential effectiveness and efficiency improvements in the ACT.

In an overall context, the ACT's approach can be viewed as innovative and agile in being first to support new business models but in various aspects could be considered more conservative. For example, Victoria has moved to fully deregulate taxi fares, while New South Wales has deregulated booked fares, removed licensing for drivers and operators and made driver background checks the responsibility of booking services. The ACT approach could be considered reflective of adjusting to the risks associated with being a 'first mover' and limits on data and information to support policy decisions.

The bans on rideshare in certain international jurisdictions do highlight a need for regulators to remain vigilant with compliance and enforcement activity to ensure community standards and expectations are met not only for rideshare but also for the industry as a whole.

Recommendation

There is opportunity for further reforms, subject to monitoring the outcomes of approaches in other jurisdictions.

The ACT Government remain attentive to the operation of the sector and leverage its networks with other states and territories to support efforts to promote consumer benefits through increased competition.

4.7 ENVIRONMENTAL IMPACTS

There is limited data available on the environmental impacts of on-demand transport arising from the Reforms. However, as anticipated, rideshare services appear to offer a less environmentally efficient fleet composition compared with taxis (based on a dominance of hybrid taxi vehicles).

The key issues are:

- greater and more efficient utilisation of transport vehicles – there is insufficient data to make a detailed assessment. While there has been greater use of private vehicles for

rideshare, this has been at least partially substituted by more fuel-efficient taxi vehicles, and the availability of third-party leasing introduces new vehicles into the fleet;

- contribution to congestion, with a higher number of vehicles in use at particular points in time – no quantitative data are available on the congestion impacts of rideshare in the ACT, although regulators in other jurisdictions, such as Singapore and New York, have expressed concern; and
- type of vehicles comprising the fleet providing on-demand transport – the taxi fleet, via a dominance of hybrid vehicles, is likely to be the more energy-efficient sector of the fleet. That said, rideshare has a more diverse fleet make-up (including electric vehicles) and vehicles are on average newer.

More broadly, other government policies are aimed at, or achieve by default, environmental objectives and could be expected to be of greater influence than the introduction of rideshare. For example, a fuel excise provides a large subsidy for electric vehicles and leads to lower taxes for fuel-efficient vehicles. Vehicle standards also exist for air pollution. There are registration concessions and differential pricing for vehicles.

Utilisation of assets

The introduction of rideshare has given ACT car owners the opportunity to use their vehicles to obtain income. These vehicles may have otherwise been unused for periods during the day or week or may have transported fewer people on route to particular destinations (as with carpooling).

However, the apparent utilisation potential has been reduced with the role of third-party vehicle leasing providers such as Splend.³³ These parties supply new cars for use as rideshare vehicles. The operation of a new or separate car for rideshare purposes effectively adds to the fleet of vehicles in Canberra and other cities.³⁴

Congestion

Data is not available to indicate whether congestion in Canberra has been affected by the introduction of rideshare. Discussions with ACT Policing did suggest that there was no difference from general traffic conditions pre-Reforms.

Fleet composition

Data do not exist to indicate whether the composition of the on-demand fleet, as defined by their power plant and fuel type used, has an impact on the environment. Nonetheless, data suggest that, overall, the taxi fleet is superior to rideshare and hire car fleets in fuel efficiency.

5. MARKET ISSUES

5.1 TAXI SUPPLY AND PRICING

Market conditions now present opportunities to consider changes in regulatory approaches to taxi supply and taxi fare pricing.

Taxi supply

Restrictions on taxi licence numbers have applied in the ACT since early last century. Arguments for restricting licences have included enhancing safety and constraining fare increases³⁵ as follows:

- It is argued that the number of taxis should be limited to allow taxi providers to get an income sufficient to ensure that vehicles meet the prescribed safety standards.
- If taxis had no incentive to reduce prices, open entry could lead to more taxis in the market and, as a result, prices would rise (rather than fall) as each taxi attempts to cover its costs from the same pool of customers.

In the ACT the implications of a licence cap have been assessed as largely negative. The 2002 ACT Independent Competition and Regulatory Commission (ICRC) report noted that regulation of the number of taxi licences was an artificial barrier to competition and that it (and pricing regulation) had resulted in reduced service levels, inflated fares and monopoly profits which licence holders capitalised on. Further, there are costs that the community is incurring, as operator leasing costs need to be recouped. The recent evaluation of 2015 industry reforms highlighted a continuation of these negative outcomes.

The benefits of a licence cap for various stakeholders have, over time, included underpinning financial returns to taxi industry participants, including booking services, perpetual licence holders, operators and drivers.

During the 2017 evaluation of taxi reforms, taxi operators and drivers queried the benefit of regulatory arrangements going forward. With the introduction of rideshare, taxi operators and drivers have suggested that such support was no longer there for them. Taxi operators have also cited limits on supply as affecting their ability to affiliate with alternative transport booking services (TBSs).

Taxi licence lease fees and TBS fees are two of the major costs that taxi operators cite as requiring urgent attention to promote a level playing field with rideshare. While lease fees for taxi licences from government have been reduced to \$5,000 per year, lease fees for perpetual taxi licences remain at around \$20,000 per year.

In 2002, the ICRC also considered the potential critical mass that a taxi network requires to adequately cover the ACT – that figure was in the order of 60 to 70 taxis. This is still relevant as a consideration given the growth in the market since that time. For smaller TBSs, this means that their ability to provide effective customer service across the whole of the ACT could be hampered, as they are not readily able to build a fleet that can service the market.

Maximum taxi fares

The ACT taxi market has historically been highly regulated. This can impact on pricing to consumers. If supply does not match demand, taxi services can be 'rationed by price' (i.e. higher

prices can reduce demand) or by availability (i.e. the length of time customers need to wait can reduce demand).

The ACT has traditionally had only one main TBS, which has meant there has not been competition from other providers to keep prices in check.

Regulated taxi fare levels have been unchanged since the ACT Government's reforms. The last review conducted in late 2017 did not support a change.

Consumers have quickly taken up rideshare services, whose prices are set by private providers rather than by the market. Consumer surveys have indicated that the travelling public is generally happy with the price and quality outcomes.

Effective competition is needed to allow for deregulation. Competition in the market can act to ensure that there is downward pressure on prices for consumers. The evaluation found that elements of competition have begun in the on-demand transport market.

Deregulation of maximum taxi fares for booked services would permit higher prices to consumers. Whether, or when, that would actually occur would depend on market conditions.

Currently, taxis can set prices at a level that is lower than the prescribed maximum.³⁶ However, late in the evaluation, emerging evidence of taxis undertaking some price competition under the regulated maximum appeared.

Consistent with requirements on rideshare services in the ACT, to support consumer decision-making, taxis would need to provide fare estimates prior to the consumer's acceptance of a hiring.

Recommendations

Taxi supply	<p>It is recommended that the cap on taxi supply for standard taxis be deregulated in one action from a specified date.</p> <p>It is recommended that wheelchair accessible taxi (WAT) supply remain regulated to support service viability and quality of service.</p>
Taxi fares	<p>It is recommended that taxi fares be partially deregulated on the following terms:</p> <ol style="list-style-type: none">rank and hail taxi fares remain subject to a regulated maximum;booked service fares be deregulated after or with the deregulation of taxi supply or subject to a further market update;fare estimates be required for deregulated booked taxi fares, as with hire cars and rideshare;regulated fares for booked services remain for selected vulnerable persons;some components of booked fares be subjected to restrictions (as applied to hire cars and rideshare for surge pricing in emergencies); andthe method for determining regulated fares be revised due to data and model deficiencies, and indexation be investigated as the alternative method. <p>In the interim, it is recommended that regulated maximum taxi fare prices remain unchanged.</p>

5.2 INDUSTRY TRANSITION AND ASSISTANCE

With the 2015 Reforms, there have been calls for transitional assistance to support industry participants' role in the industry or to facilitate exit.

During debate on the legislative amendments for the Reforms, it was noted that the issue of assistance had been considered and it was agreed that the government would 'review how the introduction of ride sharing has influenced the price of perpetual taxi licences two years after the commencement of ride sharing in the territory'.³⁷

As part of economic modelling commissioned for the evaluation, the Centre for International Economics (CIE) examined reform impacts and considered assistance to stakeholders.

The CIE analysis³⁸ suggests that assistance is only relevant where a person or business has made an investment that was expected to have long-term returns. On that basis, they focused on taxi perpetual licence holders by looking into licence transactions and returns on licence holdings. They also examined a proposal by the ACT Taxi Plate Owners' Association (ACTTPOA) for a (partial) buyback of licence holdings.

This consideration is relevant to assistance for two types of participants: perpetual taxi licence holders and taxi operators.

Perpetual licences

Perpetual licences are privately held and can be traded or transferred and leased to taxi operators. They were formerly issued by the Australian Government and then the ACT Government until 1995.

As at January 2018, there were 217 perpetual licences in the ACT market, held by 168 parties. These owners were located in the ACT (48%), New South Wales (NSW) (27%), Queensland (13%) and Victoria (12%).³⁹

The CIE analysis indicates that perpetual licence owners who purchased a licence in 2004 (the earliest purchase date for which there are returns data) have obtained an average annual investment return of 4.5% since that date. This is based on an average price paid for licences in 2004 of \$253,611.⁴⁰

Each perpetual licence has a monetary value that primarily reflects expectations about the cash flow that will be generated from taxi services. Other factors also affect prices.

The value of perpetual licences will change depending in large part on perceived and actual demand for taxi travel in the future and the supply of on-demand transportation to meet demand. The perpetuity feature of the licences will also create value that is greater than a licence with a specified lifespan, all other things being equal. When this is coupled with other value determining outcomes, such as capping the number of plates, regulatory entry barriers to the taxi industry and government benchmarked income, significant value is created.

Perpetuity may create a perception of certainty, and this is a key driver of value. The ACT Valuation Office considers that this is apparent in the relatively strong market yields associated with ACT taxi licence transactions.

However, perpetual licences have fluctuated in value over time. Holders of this class of licence may experience realised or unrealised investment gains or losses, depending on industry and economic factors and when the licences are bought or sold.

Individuals or entities can hold private perpetual licences as passive investments; they do not have to own or operate a vehicle.

Licence holders

Holders of perpetual taxi licences do not want any ACT Government reforms to:

- erode the trading value of their licences; and/or
- reduce the income stream that they derive through the leasing of their licences to taxi operators.

Holders also advised that the uncertainty arising from the 2015 Reforms and possible future reforms are negatively affecting their health and wellbeing.

Perpetual taxi licence holders through the Canberra Taxi Industry Association (CTIA) and ACTTPOA have sought financial payments to buy out their interests or assist with transition out of the industry.

Status of taxi licence market

The trading value of perpetual taxi licences is reflective of the income stream derived from leasing (both current and expected future outcomes).

Since the reforms commenced, the private market for licences has become relatively illiquid and a market valuation through trading is not available. However, the ACT has not, to date, seen the significant drops in value experienced in other jurisdictions.

The value of taxi licences had previously been declining from an average of \$294,462 in 2010 to \$244,900 in 2014. In 2015 and 2016, the averages were \$244,200 and \$231,600, respectively. A licence was traded early in 2017. ACTTPOA advised that the trade may have been affected by personal circumstances rather than market value.

Trading values are affected by expectations of future income. In this instance, the income stream is the leasing fees that perpetual licence holders obtain from taxi operators. (For the few persons still holding perpetual licences and operating a taxi, the income is that derived from the provision of taxi services.)

Leasing fees for perpetual licences are understood to have declined by only a limited amount – around \$2,000 per annum – and licence holders are still securing fees in the order of \$20,000 to \$22,000 (for taxis providing premium services the fees are understood to be greater). This limited change may be attributable to a variety of factors such as the increase in competition from services such as rideshare, improved administrative arrangements to maintain taxi supply levels, reduced lease fees for ACT Government taxi licences and a lagged change in income due to contract turnover (as reflected in reduced trading values to 2014).⁴¹

In comparison, to support competition in taxi services and reduce costs to taxi operators, the ACT Government reduced the lease fees on its licences from \$20,000 to \$10,000 in 2015 and then to \$5,000 in 2016.

Potential impacts

The potential impact of 2015 Reforms and potential future reforms on the value of the perpetual licences is mixed.

While reforms to promote competition in the market have the ability to exert downward pressure on lease fees (and hence trading values), there has been limited impact on perpetual licence holders to date. Increased competition in a market of itself is not immediately a matter for

government assistance in the absence of significant negative consequences affecting the operation of a market (or its participants).

Accordingly, it is necessary to consider the requests for assistance based on the *potential* for significant adverse outcomes (as recognised in the CIE Stakeholder Report).

The limited impact on perpetual licence holders to date is primarily attributable to ongoing regulation of taxi supply, with the number of available taxi licences below market demand. It also reflects the transition period as the market adjusts to changes in demand for taxi services. ACTTPOA and individual operators have advised of approaches by operators seeking downward revisions of lease fees (but which have been rebuffed).

If taxis remain subject to regulated taxi supply (at around current levels) following the evaluation, there would be no evident basis on which to consider any assistance for perpetual licence holders. Leasing rates have generally been maintained and the certainty arising from a government decision on supply could be expected to free constraints on market trading in licences. Given that the market has already survived two years of rideshare, it would be reasonable to expect that perpetual licence holders would have the ability to transition of their own accord over the medium term.

If taxi supply were ever deregulated, then the *potential* impacts would be sufficient to warrant consideration of additional personal assistance to perpetual licence holders.

The ACT Valuation Office noted the difficulty in ascertaining with confidence what the current value of the licences is or where these levels may settle in an equilibrium state.

Assistance – basis

The issue of property rights related to the holding of perpetual taxi licences has been raised by various stakeholders. The ACT Legislative Assembly Standing Committee on Justice and Community Safety⁴² commented on trespass on personal rights and liberties in conjunction with its consideration of the Road Transport (Public Passenger Services) (Taxi Industry Innovation) Amendment Bill 2015.

The ability of the ACT Government to set a maximum number of taxi licences is provided by the *Road Transport (Public Passenger Services) Act 2001* (ACT); however, the Minister is not required to do so.

This issue of assistance associated with regulatory changes has been considered many times with deregulation as part of reviews of the industry. In 2002, ICRC stated:

[Perpetual taxi licence holders] invested in an asset with considerable sovereign risks attached to it in the pursuit of high and rising historical rates of return. In these circumstances it can be argued that the government should not have to consider some form of payment if it chooses to change the regulatory structure and, in so doing, remove substantial value from the plates.

The implication ... is that there are neither legal nor equity grounds that suggest a payment [is warranted] to existing licence holders in the event of market entry deregulation. Under this approach therefore, no payout would be made to existing plate owners.⁴³

ACTTPOA members have argued that they purchased perpetual taxi licences as an investment for business and retirement purposes. They felt assured by the government regulation of the licences and considered them to be assets⁴⁴. In their view, the government has a moral obligation to return their investment moneys so they can invest elsewhere.

There are some precedents for providing transitional assistance to parties affected by government regulatory changes in the ACT, across Australia and internationally and specifically in relation to taxi/rideshare reform. For example:

- With the deregulation of hire cars in the ACT in 2005, the ACT Government bought back hire cars licences with payments of between \$100,000 and \$120,000 depending on the initial price paid.
- Jurisdictions undertaking taxi and rideshare reforms across Australia are providing various levels of assistance to perpetual taxi licence holders – see CIE Stakeholder Report *Impacts on taxi stakeholders of the ACT on-demand transport reforms*.

Assistance – options

The evaluation considered the following options for assistance to industry available to the ACT Government:

- Option 1: No assistance –as per prior ICRC considerations, the equity concerns are arguable for perpetual taxi licence holders.
- Option 2: Financial payments – based on consideration of value or hardship:
 - a. 'market/purchase value' (in full or part) – includes ACTTPOA buyback proposal;
 - b. returns already accrued (in full or part);
 - c. nominated amount; and
 - d. financial hardship/safety net.
- Option 3: Provide other services or support (in addition to financial assistance or separate) either in kind or funded, such as:
 - a. counselling (financial, personal); and
 - b. reskilling.

The principal differences between the options relates to the basis for the assistance, the intended coverage and the related cost. Views on the relative strengths and weaknesses of the options come down to a judgement on validity of assistance claims.

Costs of assistance could vary substantially depending on the determined impact of reforms and how the assistance is provided. For example, full payment for the 'paper value' of the licences prior to the Reforms could cost in the order of \$54 million, while compensation to provide a nominal 'money-back' outcome could be negligible, because most licence holders have already made their money back on their purchase through annual lease payments from operators (as per the CIE Stakeholder Report *Impacts on taxi stakeholders of the ACT on-demand transport reforms*).

Funding of any payments also requires consideration. Most other Australian jurisdictions have opted for industry levies based on a determined amount or percentage of the fare.⁴⁵ Alternatively, funding could be sourced from other industry-based charges or from the ACT Government's annual budget. The CIE comments on providing assistance where an actual impact is expected to occur.

The vast majority of holders no longer drive or operate taxis but obtain a passive income. Some holders are even using a third party to manage the leasing component. The returns that licence holders now receive are at the expense of taxi operators (and with flow-through implications to taxi drivers and consumers).

Perpetual licence allocations date back to 1949 under the then Australian Government. The government provided for licences for 'public hire cars' for ex-servicemen under the *Re-establishment and Employment Act 1949* (Cth). The ACT Government has not released perpetual licences since 1995. The view that the government should provide assistance because it obtained financial benefit with releases of perpetual licences is not considered to be substantive given the time elapsed.

Industry participants have had knowledge of the risks involved with the holding of perpetual licences through multiple industry reviews conducted over decades. Rideshare services had been impacting on other on-demand transport markets for many years prior to the Reforms, which were to prepare the industry for the entry of new services.

Subject to the ACT Government maintaining a charge for leasing licences, the perpetual licences are not expected to be valueless. Accordingly, perpetual licence holders would be expected to maintain incomes up to \$5,000 per annum (based on current charges).

CIE states, '[t]he Government will need to consider whether guaranteeing high returns to licence owners on their investment in a risky asset is a good use of taxpayer's funds'.⁴⁶ The CIE modelling shows that there is nil or limited assistance required to provide returns equivalent to zero in real terms or equivalent to the ten-year bond rate.

More generally, assistance on the basis of providing a guaranteed return at any level is not recommended. Investing is an inherently risky proposition, whether it is a government licence or an investment in a financial instrument or a business. Other business interests routinely experience impacts from competition, innovation and regulatory change without government assistance forming part of the equation.⁴⁷ Where the ACT Government is providing assistance, it is in the context of supporting parties to transition into other work (such as with the ACT greyhound industry).

As to licences providing income for retirement, individuals who have invested mainly in taxi licences rather than a diversified superannuation portfolio for retirement purposes have adopted a risky portfolio strategy. When parties make retirement income decisions the Australian Government provides a safety net.

Any assistance based on 'hardship' would ultimately be a matter for government consideration, but it is not supported. Any hardship-based payments would then be assistance for investment decisions, noting again the public discussion of deregulation over decades and more recent existence of rideshare.

There are numerous instances where business/investment decisions turn bad for individuals, and it is noted that individual experiences vary significantly. Some individual accounts submitted to the evaluation point to *potentially* significant effects on personal finances due to a high level of reliance on perpetual licence income streams.

Financial and personal counselling services to perpetual licence holders would be a further avenue to address hardship aspects. However, given the use of licences for retirement income, it would not appear to be appropriate to offer reskilling assistance.

Of note:

- perpetual taxi licence holders have benefited from restrictive regulatory settings, at a cost to other market participants and consumers;

- the regulatory and business risks associated with the holding of perpetual taxi licences has been a matter of public knowledge over an extended period of time, well before the Reforms; and
- any consideration of transitional assistance would be based only on *potential* impacts of the 2015 Reforms and possible future reforms.

Recommendation

It is recommended that:

- no financial assistance be provided to perpetual taxi licence holders; and
- financial and personal counselling be made available to holders of perpetual taxi licences.

5.3 ACT–NSW CROSS-BORDER SERVICES

The ACT on-demand transport market is wholly surrounded by NSW. The ACT–NSW border does not inhibit passage via road transport.

The ACT and NSW governments have had longstanding arrangements for the operation of Queanbeyan-based taxis in the ACT and vice versa. This provided for up to 20 Queanbeyan taxis to operate wholly within the ACT as well as undertake cross-border journeys.

As part of its 2015 Reforms, the ACT Government sought to recognise hire cars and rideshare and trialled recognition of broader cross-border area surrounding the ACT and extending to other satellite townships. Fares are now also determined by origin of the trip (e.g. the ACT maximum regulated fare applies to journeys commencing in Canberra).

Cross-border taxi supply was maintained, with only those taxis eligible to operate in the ACT Taxi Region as at 31 July 2016 permitted. It is unclear whether there has been any effective take-up of the trial arrangements for rideshare by NSW providers.

On 1 November 2017, the NSW Government moved to a regulatory approach for ‘point-to-point’ transport which includes taxis, hire cars and rideshare.⁴⁸ The ACT and NSW governments are still working to resolve the detail to support revised cross-border arrangements following changes to the regulatory framework in NSW.

Broadly, parties are working on arrangements to better reflect the provision of on-demand transport on an ACT region basis⁴⁹ and provide improved consistency in approach for different types of services.

Such an approach offers benefits to (regional) consumers in terms of access to transport services. While there are no prescribed limits on the number of hire car and rideshare providers, taxi supply would need to remain a consideration as long as taxi numbers are capped in the ACT.

Recommendation

It is recommended that ACT–NSW cross-border, on-demand transport arrangements better reflect the provision of on-demand transport on an ACT region basis and provide improved consistency in approach for different types of services.

It is recommended that cross-border taxi supply remain limited to those eligible to operate in the prescribed ACT region at a given point.

5.4 ACCESSIBLE SERVICES

While there have been positive outcomes for accessible transport services from the 2015 Reforms to date, there are a range of pressures in the market that may affect the effective of provision services going forward. In particular, the greater service and operating demands of accessible transport (compared with standard passenger services) require effective arrangements to incentivise providers.

Incentives

Wheelchair accessible taxi services

Lift fees

Lift fees currently apply to all wheelchair accessible taxi (WAT) jobs where a Taxi Subsidy Scheme (TSS) card is used. They are determined based on 25% of waiting time charges permitted under the maximum taxi fare determination. Other forms of payment – cash, EFTPOS or account – are excluded.

The lift fee could instead be linked to WAT bookings to provide consistency with any job involving the loading of a person in a wheelchair (this would include interstate users).

Duty car hours

Duty car arrangements involve the identification of a WAT vehicle that will provide services at an agreed time. Currently, the duty car arrangements only apply from 11 pm to 5 am on Sunday to Wednesday nights. Payment for duty cars is \$90 to be on call and an additional \$15 for each call-out.

Information was provided that non-duty car times are underserved for WAT passengers. This outcome may have been promoted by the 2015 Reforms, with industry advising that taxi drivers are opting to provide rideshare over the non-duty car times.

Recommendation

The ACT Government revise lift fees and duty car hours to align better with the provision of WAT services to customers and promote availability.

Vehicle licence fees

A WAT licence for a vehicle that is capable of carrying only one wheelchair passenger is \$1,000 per year. For a vehicle that is capable of carrying two wheelchair passengers, the annual fee is \$100. It is understood that this was intended to incentivise further dual-capacity vehicles, recognising potentially higher costs with a larger vehicle. The majority of ACT WAT vehicles are dual capacity.

Currently, NSW does not require a taxi licence fee for operators of WAT vehicles.

For a nominal cost, removing WAT licence fees would align ACT WATs with NSW.

Recommendation

The ACT Government remove the remaining nominal licence charges for WAT vehicles.

Additional operating payments

Depending on the extent of impacts in the standard market affecting the viability of WAT services in the near future, there may be a need to more directly support supply and recognise the community service component of WAT transport services. This could include WAT vehicle subsidies/loans or community service obligation payments.

Recommendation

It is recommended that the ACT Government consider WAT vehicle loans/subsidies and community service obligation (CSO) payments if there is a decline in WAT supply.

Extending subsidy coverage

The current subsidisation of taxi transport – and not other forms of on-demand transport such as hire cars and rideshare – can be argued as inequitable in a competitive environment and excluding subsidy recipients of the potential benefits from other services.

Taxi Subsidy Scheme

The ACT's TSS provides financial assistance to ACT residents with a disability or significant mobility restriction that prevents them from using public and community transport. The TSS supports social inclusion and economic participation of community members who would otherwise be at risk of social isolation. The TSS is intended to assist members in attending essential activities such as medical appointments, employment commitments, and social and family gatherings. The TSS is not intended to meet all transport costs of its members.

To be eligible for the ACT TSS, persons must:

- have a severe or profound activity limitation that prevents them from using public transport. Such limitations can include:
 - severe mobility limitations;
 - legal blindness or severe vision impairment;
 - cognitive, intellectual or psychiatric disability; and
 - severe and uncontrolled epilepsy;
- be a permanent resident of the ACT, or an asylum seeker with proof of status from Companion House; and
- not be a member of an interstate TSS.

There are two categories of subsidy – either a 50% or 75% voucher. The category that is applied is based on the severity of the disability.

The absence of subsidises for accessible rideshare⁵⁰ may impact on the affordability and therefore choice of transport. For example, fare estimates between services can be comparable. Considering the further availability of the 50% or 75% subsidies, a choice for TSS recipients based on price alone is biased toward taxis under the current arrangements. Curiously, one TSS survey respondent advised of a similar cost of rideshare fares with subsidised taxi fares.

At this point, there is little evidence of rideshare use by people with a disability that affects mobility. This is nonetheless a potential 'chicken and egg' scenario as, with TSS not available for rideshare, people may not elect to use rideshare services, leaving an absence of critical data to determine a policy. Noting that general surveys indicated a higher satisfaction of rideshare consumers than taxi users, it could be expected to have quality benefits for many TSS users.

The costs of extending the TSS would need to be considered carefully, particularly given that fares unregulated for rideshare and hire cars. Any contemplation of extension of subsidies to hire cars and rideshare (or to potential deregulated booked taxi services) may require associated consideration of the size of subsidy amounts, or whether regulating fare amounts to a target audience is necessary in order to prevent take-up of unnecessarily costly services. If TSS were to apply more broadly, it could have limited application to the base (non-surge) component or a regulated fare.

As a safety-net service element, it is not reasonable to expect the TSS to cover premium services; hence any premium charges or services would not be covered. Currently, however, a person using premium service taxis can apply the TSS discount to the premium service fee as part of the total metered fare.

As TSS arrangements are limited to a number of trips per person, the volume of subsidised trips would not necessarily be affected by offering choice of service.

Recommendation

The ACT Government provide a subsidy approach that supports customer choice by extending the current TSS to other services (subject to funding considerations), including exclusion of subsidies for premium services unrelated to the person's mobility needs (e.g. premium service booking fee or surge pricing).

Alternative carriage subsidies

Some stakeholders have suggested financial incentives for the transport of people involving other mobility supports – for example, for loading of folding wheelchairs or walking frames into any on-demand public transport vehicle and the transport of assistance animals.

In principle, the proposal is consistent with the approach used with lift fee payments for WAT services in that there is potential inconvenience to the driver in undertaking those activities (compared with a standard fare). However, there is likely to be a difference in the amount of effort required.

The potential implementation issues with such a proposal, including costs, have not been considered. Such payments may overlap with any extension of the extended TSS.

Recommendation

The ACT Government consider support improving social inclusion through investigating the viability of providing alternative, lower-level subsidies to assist people to access on-demand transport when they have equipment and aids (such as smaller wheelchairs, walking frames, oxygen tanks and assistance animals) relating to their disability or ageing.

5.5 ALTERNATIVE SERVICES

There are services operating in the ACT's ODTI market beyond those of taxis, hire cars and rideshare. Some are known and recognised within the regulatory framework; the position for others is less certain.

Carpooling has been an activity that has been supported in legislation. New services have arisen using innovative social media platforms to provide access to transport. Some are consistent with carpooling, while others are more in line with commercial activity.

Further actions are recommended to recognise better the inherent differences between carpooling and commercial hire car services. Also, more specification is needed for third-party carpooling facilitators. Additional industry and community engagement on the arrangements is recommended.

Designated driver services would benefit from clarification of their regulatory standing.

Carpooling

Carpooling is subject to exemption under section 125 of the *Road Transport (Public Passenger Services) Act 2001* (ACT), recognising the social, transport and environmental benefits arising from such practices. It is a non-profit or cost recovery based activity for the driver or vehicle owner. Traditionally, this transport has been available through an individual's existing associations – for example, through work colleagues, neighbours and friends.

Hitchhiking, arranged onsite or via request (e.g. a physical bulletin board), is legal in the ACT. This offer of transport is clearly at the individuals' (both the passenger's and the driver's) discretion and assessment of risk.

Traditional arrangements

Starting from the premise that traditional carpooling remains socially desirable and provides benefits such as a means to reduce traffic congestion and promote environmental outcomes, the existing exemption remains appropriate.

Third-party facilitation

Third-party electronic platforms to support carpooling are becoming more prevalent. They vary in service from user selections of a passive website bulletin board (e.g. shareuride.com.au) to active commercial platforms provided by TBSs (e.g. UberPool).

Third-party facilitated public carpooling can pose risks similar to other third-party facilitated services such as rideshare in terms of the knowledge of parties to the transaction (driver and passenger[s]), vehicle roadworthiness and insurance coverage, and a potential level of warranty or assurance provided by the facilitator.

In the traditional carpooling model, risks may be known and addressed through personal association or belonging to a common social club/group or a workplace.

Passive facilitation

Passive third-party facilitation is equivalent to a bulletin board – for example, a website that allows for the posting of transport requests but does not match parties, provide booking services or make no warranties as to a person's bona fides.

In such circumstances, where people are acting purely at their own risk, it is appropriate to apply the same (no-action) approach that applies with hitchhiking/bulletin boards.

Active facilitation

Where third-party facilitation takes on a greater role than merely offering a site for posting requests for transport services, there is a need to consider obligations that arise for the parties involved.

Under traditional carpooling there can be active roles involved – for example, organised carpooling within a community group or a workplace. The transport risks are mitigated by social interaction and reputational risks between the parties involved. That association aspect can still be found in the operation of some of the social media enabled platform versions of carpooling.

Commercial services

Commercial third-party facilitation may be more reliant on the actions of the provider to address risks and check bona fides for consumers as part of the service rather than the individual's relationships or associations. The application of ratings measures could go some way toward providing a similar level of information.

Some third-party facilitation services may permit and facilitate parties' offering of commercial hire services without those parties being licensed. In those instances, drivers and vehicle owners raise risks to themselves, their vehicle and third-party property in the event of an accident. Injuries to passengers and bystanders would be subject to CTP insurance arrangements.

A commercial facilitator may also be deriving a profit without bearing risk.

Compliance and enforcement

There is an ongoing need for compliance and enforcement actions to support the ACT's licensing and accreditation framework. For example, inspections of hire cars at school formals has been a regular occurrence for many years.⁵¹ However, it can be difficult for police to address actions involving social media platforms because of the ease of establishment of the platforms and potential difficulties in establishing the identity of parties involved. The roles and liabilities of those involved with a platform may also not be clear.

Existing community demand for such services suggests a desire for these further differentiated services. Social media provides a ready platform for access and delivery. The availability of these services at an accessible pricing point for those of limited financial means mitigates other negative community outcomes such as drink driving. The inherent social aspect remains within the original intent of carpooling exemptions but could benefit from additional support and safety education.

ACT Policing and the Access Canberra have longstanding arrangements for the inspection of hire cars and operators at formals, which were again employed at the end of 2017.⁵²

Designated driver services

Designated driver services (DDS) are an alternative form of on-demand transport services in the ACT. DDS involves relocation of a client's vehicle by a 'service driver' to a secondary vehicle and driver transporting the service driver to the client's vehicle:

- The client may not require transport with the vehicle or they may wish to be transported in their own vehicle. In some instances, it is understood that the client may seek transport in the secondary vehicle.
- The service is a private interaction which is covered by private insurance arrangements and specified commercial terms and conditions. Compulsory third-party (CTP) insurance would apply as it does to any registered vehicle.
- Consumer law requirements would also be applicable with the provision of a service.

In Canberra there are a number of services in operation. Prestige Dial-a-Driver is a longstanding provider of services, and its operation was noted as part of the 2015 Review. We Drive is another provider. Since the 2015 Review, a new service – PKUP – has also commenced. These services subject their drivers to age, driving, health and character checks.

Regulation

Under the *Road Transport (Public Passenger Services) Act 2001*, a 'hire car' is defined as a vehicle (other than a bus, taxi, rideshare vehicle or demand responsive service vehicle) that:

- (a) is used, or is intended to be used, for the transport of passengers under a contract; and
- (b) does not stand or ply for hire for the transport of passengers along a road or road related area; and includes a restricted hire car.

The ACT does not regulate the transport of persons that is a secondary action – for example, lifts in tow trucks, customer drop-offs with car yard vehicle services and the operation of private services (e.g. personal chauffeurs driving a client’s own vehicle). It is unclear whether the definition of ‘hire car’ would include DDS.

Access Canberra has not received any complaints regarding the operation of these services.

Investigations at the start of 2017 indicated that the outcome is mixed in other states:

- DDS is captured under public passenger regulation – NSW, Western Australia, Northern Territory (only if passenger is transported); or
- DDS is not captured – South Australia, Queensland, Tasmania.

Recommendation

Further action be taken to clarify the inherent differences between carpooling, driver and commercial hire car services; and recognise new opportunities with social media platforms to facilitate on-demand transport services for consumers.

Further industry and community engagement be undertaken to develop updated regulatory arrangements.

6. OPERATIONAL ISSUES

6.1 REFORM IMPLEMENTATION

Implementation is a key factor in the success of any reform process. Overall, there has been a significant change in the on-demand transport industry that has been accommodated within regulatory systems. The change for stakeholders has been varied.

Industry and community groups were engaged in the Reforms via an Implementation Working Group comprising a Steering Group and Stakeholder Forum. The parties were approached for comment on the varied aspects of the Reforms through various consultation mechanisms.

Information on the Reforms was disseminated to industry participants and the community through a range of avenues and included the use of:

- website materials;
- social media messaging; and
- meetings with key stakeholders.

Access Canberra has also been engaging with stakeholders through education, licensing and accreditation, and compliance and enforcement processes.

It was considered that:

- there is an ongoing desire for responsive and timely information and services from government;
- there has been an intensive call on resources associated with significant industry reforms, and it is important that information continues to be provided throughout implementation and transition;
- there is a significant call on government systems associated with interacting with the digital economy; and
- improvements could be made in the implementation of the taxi licence waiting list.

Recommendations

It is recommended that the ACT Government consider:

- resourcing and system requirements with the implementation of any further reforms; and
- improvements to the allocation of taxi licences through the waiting list system.

6.2 REGULATION OF SERVICES

Accessible services

Vehicle types

People with Disabilities ACT raised concerns with a lack of diversity in the wheelchair accessible taxi (WAT) vehicle types offered in Canberra (primarily dual and converted commercial vans), arguing that there are different preferences in the community. There are varied types of vehicles already offered in the Australian market.⁵³

Recommendation

Impediments to vehicle choice for accessible transport services be removed so long as safety and accessibility standards are maintained.

Vehicle hoists

WAT operators and passengers have raised concerns with the current national standards for hoists on WATs. They suggest that the prescribed load capacity has not kept pace with the increasing size of wheelchairs, additional components and obesity in the population.

There would be a substantial additional cost to operators in retrofitting existing WATs to a high-load hoist unless the retrofit is subsidised.

Recommendation

The ACT Government work with other jurisdictions to revise national standards and consider interim measures to address concerns about the operation of hoists.

Driver actions

Various stakeholders made calls for ongoing education and compliance to ensure appropriate securing of persons in wheelchairs for transport. Requiring a driver to undertake refresher training with a competent trainer and referral of complaints may promote positive behaviours. Regulated Service Standards already require the operator of a taxi service to ensure in-service or remedial training for their drivers, and Access Canberra reviews complaints.

A stakeholder proposed the need for an official who could refer vehicles for physical inspection of maintenance and cleanliness. Vehicle accreditation requirements and service standards already require maintenance of vehicles. General cleanliness is a consumer matter that is addressed as part of competition with the general market; however, market forces may not be sufficient in this niche part of the market.

Recommendation

Industry consider the introduction of technologies which facilitate driver/vehicle rating and feedback by passengers to encourage positive driver behaviours.

The ACT Government continue to work with industry to promote education and compliance.

Given community transport has not been examined as part of the evaluation, it was considered that the government may wish to examine the training and standards of drivers providing accessible transport generally.

Assistance animals

There is a need for greater clarity in the rules relating to assistance animals. As an example, a rideshare driver noted that it is sometimes challenging to determine whether or not an animal is

an assistance animal.⁵⁴ This can be based on human rights, disability, and domestic animal requirements in the ACT.

Regulation

ACT regulations require all animals, except assistance animals in public passenger vehicles, to be contained within a sealed container. However, the definition of ‘assistance animals’ varies between the *Disability Discrimination Act 1992* (Cth) and ACT legislation; and also within ACT legislation.

Identifying assistance animals

Accessibility and safety are motives for readily identifying assistance animals travelling in on-demand transport vehicles. The inference from the regulatory requirements is that, unless an animal is appropriately trained to behave in a public place, there are safety and public health risks that are otherwise addressed by restraining an animal within a vehicle or refusing transport.

Due to differences, there can also be confusion for interstate or international visitors who travel with assistance animals; and difficulties for people who are training assistance animals.

Recommendation

Action be taken to:

- align references in legislation to assistance animals; and
- promote the ready identification of trained assistance animals (including those undertaking training) to support both accessibility and safety for public transport passengers and drivers.

Location – pick-up and set-down; modal changes

As with the 2015 Review, stakeholders with mobility needs have raised issues concerning appropriate access to points for pick-up or to change between modes of transport (e.g. from a plane or bus to a taxi). However, from stakeholder anecdotes, the experience is broader than just as it relates to WAT vehicles: distances between bus stops and taxi ranks are also an issue. This may reflect an ongoing tension in planning aspects for public transport.

Recommendation

There be ongoing consideration of people with mobility needs as part of public transport planning (in particular, around transitioning from one mode of transport to another).

WCBS services – contracting

The current contract for WAT centralised booking services finishes during 2018. Given ongoing transition within the broader on-demand transport market, the government should consider actions to mitigate the potential risks of disruption to WAT services where there is a change in WAT Centralised Booking Service (WCBS) provider.

The number of WAT services has grown under current arrangements, and customers hold positive views of services provided by 13WATS. The services now available through 13WATS have been developed and refined in collaboration with Access Canberra since they were introduced in 2011.

Recommendation

The process for determining new WCBS contract arrangements account for the value of current arrangements and industry transition as part of the 2015 Reforms.

Drivers

Bailment contracts

Traditional taxi industry arrangements involved taxi drivers entering into bailment contracts with taxi operators (vehicle licence owners) for the use of a vehicle over a specified period. Typically in the ACT, taxi fares are shared 50:50 between the operator and driver; and operating costs are assigned to either party (e.g. a driver may pay for fuel; the operator pays the base fees to the affiliated transport booking service (TBS)).

Since the Reforms, taxi drivers have taken up the opportunity to also provide rideshare services at times when it suits their interests. As drivers are already voting with their feet, it can be argued that this shows that a sufficient level of information is available to them in the market to decide when it is most advantageous to them to drive for rideshare services. Accordingly, while drivers are supportive of measures to promote clarity in contract terms for drivers, it is not apparent that it is necessary for the ACT Government to intervene in this instance.

It was considered that government action is not required in relation to the transparency of bailment contracts.

Driver behaviour

Passenger perceptions

The evaluation found that majority of drivers across all modes (taxi, hire car and rideshare services) continue to work hard and do a good job for their customers.

Several potential factors can be attributed to the higher levels of satisfaction for hire car service. These include its premium service promise and high vehicle quality, in exchange for higher fare levels. As well, vehicle owners usually drive their own cars, and therefore take particular care of them. The higher levels of satisfaction for rideshare services can also be attributed to a regimented, per-trip passenger feedback and disciplinary mechanism operated by the main rideshare supplier in the ACT, Uber.

It should be noted that respondents to the customer survey also provided positive comments on driver service.

While stated above that the majority drivers provide complaint-free service, there are reports that suggest some drivers continue to exhibit unacceptable behaviour.⁵⁵ Examples provided included unsafe driving practices; unclean vehicles; unclean drivers;⁵⁶ and inappropriately long routes taken.

Promoting positive behaviour

Structural and market conditions, and inherent behavioural patterns of specific individual drivers, create challenges to eliminating negative driver behaviour. Passenger and TBS feedback will continue to provide the 'first line of offence' against negative behaviour. These mechanisms should continue to be observed as the marketplace and technology continue to evolve in the ACT.

Recommendation

Access Canberra audit TBSs' training and disciplinary programs.

The ACT Government is capable of taking direct action against negative driver behaviour through the existing licensing framework.

Fatigue

Driver fatigue is a safety issue for the operation of on-demand transport services. The introduction of rideshare has seen drivers servicing different TBSs and potentially providing taxi, hire car and rideshare services.

Regulation

Under the road transport public passenger services regulation,⁵⁷ taxi, hire car and rideshare drivers must have a demonstrated competency in the requirements of the *Work Health and Safety Act 2011* (Cth), including fatigue management. TBSs must take reasonable steps to ensure that an affiliated driver meets that requirement.

The *Road Transport (Public Passenger Services) Act 2001* (ACT) does have provision for regulating maximum driving times and minimum rest times of drivers (bus, taxi, rideshare, hire car and demand responsive). Currently, only bus services and demand-responsive services are subject to service standards that include requirements around driving hours and rest periods. All bus drivers must adhere to Heavy Vehicle (Fatigue Management) National Regulation.

In terms of general driving, the ACT Government works with New South Wales to promote the issue of driver fatigue (noting that fatigue is one of the big three killers on New South Wales roads).⁵⁸ Various ACT and other government agencies, including the Justice and Community Safety Directorate, ACT Policing, Safe Work Australia and Comcare, produce information on the dangers and management of driver fatigue.⁵⁹

Industry actions

In addition to regulated competency requirements, TBSs and industry bodies individually support driver fatigue management. For example, Aerial Capital Group monitors driver shifts and has published a fatigue management guide⁶⁰ for taxi operators and drivers. Taxis typically run shifts of up to 12 hours. Aerial, as part of its driver information, notes shifts of around ten to 12 hours' duration.⁶¹

During the evaluation period Uber advised that it is looking to boost education on fatigue management for their drivers. Uber also monitors rider feedback through its rating system. Through this system, it can also actively identify if a driver is receiving feedback about driving behaviour that could be linked to fatigue issues.⁶² Uber has updated its app to automatically log drivers off for a six-hour break when they have been online and driving for 12 hours (this applied nationally from 8 December 2017).⁶³

Experience

The Canberra Taxi Industry Association (CTIA) has raised concerns regarding driver fatigue, suggesting that some taxi drivers were finishing a shift and then taking up rideshare work.

Since the 2015 Reforms commenced, drivers (as independent contractors) have had the opportunity to provide taxi, hire car and rideshare services for various TBSs. Previously, taxi drivers would have limited ability to work for different providers given the dominance of Aerial in the market and restrictions on taxi supply.

Qualitative findings from surveys and meetings with ACT taxi drivers as a part of the evaluation of the taxi industry have indicated that taxi drivers are working longer hours as a key impact of the taxi industry reforms. Longer hours are a risk factor for fatigue,⁶⁴ with risks of injury from fatigue

increasing when workers work long daily hours in a physically or mentally demanding job.⁶⁵ The risks for on-demand transport drivers, such as taxis, have been studied in other jurisdictions and are greater than for the general driving community.⁶⁶

Specifying hours could address risks for excessive hours with a single TBS. However, TBSs would not necessarily be able to manage drivers as they move between booking services. Drivers could also be undertaking other work or activities that could contribute to fatigue, or there could be lifestyle or medical factors.

Under work health and safety regulations, responsibility for managing fatigue rests with drivers, where they are independent contractors, or with persons conducting a business or undertaking where drivers are workers.

The factors involved with driver fatigue (in the on-demand transport industry (ODTI) and generally) are many and multifaceted. Industry participants are acting to promote fatigue management. The ACT is not alone in its consideration of this vexing issue. Rather than attempt to determine a position, the ACT Government should work with other jurisdictions to develop a common approach. This would support efficient and consistent practice with a number of TBSs operating on a national basis.⁶⁷

Recommendation

The ACT Government agencies continue to work with industry to educate drivers about the dangers of driver fatigue;

Access Canberra observe and report to the ACT Government on industry fatigue management practices; and

The ACT Government pursue a national policy approach to driver fatigue in on-demand transport (including engagement with Workplace Safety, Chief Minister, Treasury and Economic Development Directorate, as the ACT's workers' compensation regulator.

Student visas

Student visa holders may be eligible to provide on-demand transport services. The compliance of student visa conditions for on-demand transport drivers has been queried during consultations for the evaluation.

Student visa holders are subject to conditions on their availability to work in Australia (e.g. limits on the number of hours). Student visa holders are permitted to work a maximum of 40 hours per fortnight when their course is in session and unlimited hours when their course is not in session. Currently, punitive measures for breaching of visa conditions, such as visa cancellation and deportation, are in place to discourage student visa holders from working over the maximum 40-hour-a-fortnight limit.

The Department of Home Affairs (DHA) has stated that taxi owners and operators (like all employers) are to report all overseas workers – including those who hold student visas – who are in breach of their visa work conditions. Taxi owners and employers of taxi drivers who employ student visa holders may be subject to legislation under the *Migration Act 1958* (Cth).

While employers may be subject to enforcement action if they continue to employ student visa holders who are in breach of their designated work hours, it is the sole responsibility of the

student visa holder to ensure that they are not in breach of the work conditions. Both the DHA and the Fair Work Ombudsman suggest that student visa holders keep a record of their work hours and employment situation.

Student visa holders are required to provide evidence of their residence status in obtaining a taxi, hire car or rideshare licence in the ACT. Access Canberra also confirms visa status of students with the DHA.

Compliance

The ability of drivers to work between TBSs largely leaves the issue of monitoring student visa requirements as a matter of self-regulation for drivers.

Also, with rideshare, the part-time nature of the work, dual use of the vehicle and arguments as to when a person is working can obscure the understanding of when a student visa holder is 'working'. (In a taxi it is clear that, when a driver takes possession of a vehicle under a bailment contract, they are in service.)

Recommendation

The ACT Government continue to work with the Department of Home Affairs on immigration matters, including student visa checks among on-demand transport drivers.

English language competencies

English language requirements for taxi drivers were retained with the reforms to support effective communication with consumers for rank and hail transactions. The process was eased through an expanded recognition of language tests and excluding persons from English-speaking backgrounds from tests. In March 2017 a further adjustment was made to the scoring requirements,⁶⁸ reducing the International English Language Test System scoring requirement for listening by 0.5 (aligning with New South Wales).

During the evaluation period, representations were made to further reduce the English level scoring requirements to allow for greater driver supply. While taxi operators and booking services describe challenges with driver availability, there has been a marked increase in the number of licensed taxi drivers since the reforms.

Effective driver communication skills can promote both consumer outcomes and safety with respect to rank and hail services – requiring communication of destination/route and payment. This can be important when dealing with vulnerable persons who themselves may have difficulty communicating, including people with a disability or affected by alcohol.

A number of comments in response to consumer and TSS member surveys made reference to an ongoing desire for better English language skills.

Recommendation

The current English language requirements remain, and remain at the current scoring levels, for taxi drivers providing rank and hail services.

Parking and ranking

During the evaluation period, taxi industry representatives raised concerns with rideshare drivers 'ranking' at locations around Canberra (and at events) where they should not. The taxi industry also has a longstanding proposal to improve ranking facilities in Canberra.⁶⁹ Rideshare drivers also raised issues with the availability of parking proximate to passenger demand.

Under the Reforms, permitted pick-up and set-down points for rideshare and hire cars were extended to be consistent with taxis (e.g. within loading zones). The exception is that ranks remain the sole purvey of taxis. At Canberra Airport, there is a defined taxi rank as well as a dedicated lounge for rideshare and hire car pick-up.

Parking, pick-up and set-down

The CTIA raised concerns with rideshare vehicles being parked in areas of the city and at events in a way that was perceived as ‘ranking’ activity.

Parking is subject to compliance and enforcement activity by ACT Policing and Access Canberra inspectors. These parties routinely undertake activities to ensure parties are meeting legal requirements. Uber advised that it has been working with ACT Policing on parking concerns, particularly around Canberra city.

These are issues of longer term public transport infrastructure planning and arguably raise common issues faced by rideshare and hire cars.

Ranking

Uber advises that its drivers are not able to undertake rank and hail services through its booking app. Drivers and passengers are not able to book through the app when they are in close proximity. Apart from addressing rank and hail concerns, this also serves as a fraud prevention measure. Given the additional fraud aspect, it is anticipated that other rideshare/app-based booking services would require similar features.

Recommendation

All relevant parties continue ongoing compliance efforts around rideshare parking to prevent ranking.

Ranking arrangements should be included with further transport infrastructure planning.

Vehicles

Taxis – vehicle age limits

In the ACT, vehicle age limits apply for taxis but not rideshare and hire cars. At the time of the evaluation, it was noted that rideshare providers were applying comparable age limits to taxis.

In other Australia jurisdictions, the situation is varied. However, those undertaking reforms have tended to remove restrictions. The situation is as follows:

- New South Wales, Queensland, Victoria and Western Australia have no taxi age limit.
- South Australia has a taxi age limit (taxi – 6.5 years; rideshare – eight years)⁷⁰
- The taxi age limit is under review in the Northern Territory (nine years)⁷¹ and Tasmania (metro – eight years; non-metro – ten years).⁷²

Factors to consider

Having a young vehicle fleet can support the operation of the latest advancements in environmental, safety and amenity features for vehicles and attractiveness to the public.

On safety, it is noted that other states, such as New South Wales and Victoria,⁷³ have moved to remove vehicle age limits, citing research undertaken by the Monash University Accident Research Centre (MUARC) that assessed whether taxi and hire car age limits are appropriate and the implications of the relationship between the age limits and vehicle safety.⁷⁴

During consultation ACT taxi operators raised the issue of vehicle age limits. The Sikh Taxi Driver Association (STDA) suggests permitting standard taxis to be on the road for ten years to help lower capital costs.

The acquisition and management costs associated with WAT vehicles are substantial, and this age extension supports the viability of WAT operators.

Recommendation

Vehicle age limits for standard and single WAT taxis be extended to allow the use of vehicles up to ten years of age, but with no taxi use limit.

Suitable vehicles

With the opening up of the on-demand transport market to rideshare vehicles that are not dedicated to particular services, questions have been raised about the types of vehicles used to provide services. Vehicles permitted to provide rideshare services are defined in regulations as ‘suitable vehicles’.

Representations were made seeking to allow four-door utility vehicles (utes) to be used to provide rideshare services. Four-door utes now represent a significant proportion of passenger transport for the general public.⁷⁵

Through a combination of legislative provisions under road transport legislation for rideshare vehicle licensing and design rules, four-door utes have not been within the definition of ‘suitable vehicle’ to provide rideshare (or other ODTI) services. Four-door utes are recognised as goods-carrying vehicles rather than passenger vehicles.

Four-door utes also fall within a different CTP insurance premium class from passenger vehicles. It is not apparent that there is any similar restriction on a four-door utes being used as a taxi and hire car (or demand-responsive service) vehicles.

Four-door utes undertaking rideshare would be subject to the same accreditation and roadworthiness requirements as other rideshare vehicles. Australian Design Rules permit the carriage of passengers in such vehicles.

No specific accessibility criteria apply to rideshare vehicles (consistent with hire cars). The tray back of these vehicles may permit the transport of larger mobility aids. Ease of access to the cabin may vary depending on the individual’s circumstances.

If four-door utes are used for hire car or taxi services, CTP insurance premiums should be aligned with those for respective classes.

Recommendation

Regulatory definition of ‘suitable vehicle’ be amended to permit four-door utes to provide rideshare services.

Rideshare – vehicle identification

The current regulatory framework provides that the Road Transport Authority (RTA) must issue a rideshare vehicle licence label when it issues a rideshare vehicle licence. Rideshare licensees are required to issue these labels to their drivers, and drivers are required to display them in the front passenger corner of the windscreen. There are offences for breaching these requirements. It is a defence to these offences if a different identifier is being displayed and the RTA has approved this identifier.

From 1 November 2017, Access Canberra agreed to the identification of rideshare vehicles via a sticker to be provided by an affiliated TBS and displayed in the driver's side of the rear window when in service. Note that this matches requirements for rideshare vehicles in other Australian jurisdictions, such as New South Wales, South Australia and Queensland. However, further technical regulatory matters were suggested to ensure process arrangements.

ACT Policing advised that it supports measures that assist with vehicle identification.

It is noted the revised identification measures for rideshare vehicles permit the display of the name of the affiliated TBS. Currently, rideshare services are not permitted to place advertising on their vehicles (due to rank and hail concerns).

Recommendation

Update the regulatory framework to permit the use of alternative identification labels; and monitor any change in rideshare driver/passenger behaviour with the changes to the current labelling arrangements to ensure that rideshare drivers are not undertaking rank and hail activity.

There may be further opportunity to review the need for advertising restrictions for rideshare services.

Transport booking services – reporting

The ACT Government requires TBSs to report a range of performance information. The performance quarterly reporting requirements provided as part of TBS Service Standards include providing data on the number of hirings, waiting times and number of complaints. The requirements are longstanding and have been in place since the time that the taxi industry was subject to regulated performance criteria.

Pre-Reforms performance data was regularly published by the taxi industry – this has now ceased.

Ongoing need versus cost

Reporting comes at an administrative cost both for the TBSs and the ACT Government. Subject to findings by the evaluation, and decisions on the maintenance of regulated settings, there is the opportunity to adjust the level, frequency and information required to reduce costs and better align with policy and regulatory settings.

Performance information has been used to support the Taxi Licence Release Strategy through input to the determination of market conditions. This information has also been helpful during the evaluation period to assist with determining reform impacts and the status of competition. In doing so, this information helps to support consideration of whether policy settings need adjustment (to support the desired consumer outcomes) and significant reform matters still to be considered (with regulation of taxi prices and supply).

However, TBS performance information is not relevant to day-to-day regulatory enforcement and compliance activity. More extensive data on the operation of WAT services (including real-time driver tracking) is available through contracted arrangements for WAT centralised booking services with 13WATS.

Recommendation

That consideration be given to reducing TBS reporting requirements, subject to further policy considerations.

Carriage of children and animals

Seating for minors

Taxis are exempt from ‘approved child restraint’ requirements.⁷⁶ However, rideshare and hire car vehicles, as with other light passenger vehicles, are not. As rideshare activity grows, there is the potential for a person with children to be excluded from using these services. Rideshare drivers also report complaints and abuse from customers when service is refused.

The matter was considered with the initial reforms but determined that, as changes to the Australian Road Rules (ARR) are evidence-based, further investigation would be required before any change could be considered.

It could be argued that the reasoning for the taxi exemption can be applied to rideshare and hire car vehicles. Rideshare drivers submit that, as contracted drivers, it is not feasible for them to have access to all required types of restraints. Similarly, for passengers, depending on their location and circumstance, such restraints may not be available. However, the increasing prevalence of mobile phones (and their improving functionality) over time means that there may be a greater opportunity to pre-book a vehicle with the appropriate child restraints at a given time.

Improvements in the safety of vehicle occupants, including children and young people, have occurred over time. Seat belts and child restraints are, and continue to be, integral to vehicle occupant safety and injury mitigation.

For both rideshare and taxis, the ability to identify the use of a vehicle is a complication. For rideshare, the dual private–commercial use makes it more difficult to tell when a vehicle is in service. Rideshare labelling requirements are in effect but are not foolproof, and there would be difficulty in determining whether a taxi had been booked or hailed.

Child injuries

There is clear evidence for the effectiveness of appropriate child restraints in mitigating injury or death.

In Australia, transport-related injuries are the leading cause of death and the second most common cause of hospitalisation for children aged zero to 14 years.⁷⁷ Some of the most severe injuries seen in children in Australian hospitals are the result of road accidents.⁷⁸

Most young children who die or are injured in vehicle accidents were not properly restrained.⁷⁹ Kidsafe Australia estimates that up to 70% of child car crash injuries could be prevented, or the severity reduced, if a correctly fitted and appropriate restraint were used. Overall, there is strong evidence that a child wearing an appropriate restraint has a 30% to 96% lower risk of serious injury in the event of a motor vehicle crash than an unrestrained child.⁸⁰

The National Guidelines for the Safe Restraint of Children Travelling in Motor Vehicles (the Guidelines), developed by Neuroscience Research Australia and Kidsafe, state that any restraint is better than no restraint, but optimal safety is not achieved unless children are in the appropriate restraint for their age and size. Children in an adult seatbelt are at higher risk of injuries than those in an appropriate restraint – for example, at a minimum, adult seatbelts do not offer protection from side impacts.

Taxis have been known to have a higher number of crashes than other cars – in part because of their frequency of operation – but these crashes are likely to be less severe.

Recommendation

Existing child restraint requirements continue.

That there be improved public education, in collaboration with industry, on options for the transport of minors when restraints are not available (i.e. bus or taxi).

Minors – unaccompanied transport

ACT legislation does not prevent public passenger services from transporting unaccompanied minors in a taxi, hire car or rideshare vehicle. From 8 November 2017, all driving instructors, taxi, bus, hire car and rideshare drivers must hold a Working With Vulnerable People (WWVP) accreditation. There is an assumption that taxis and rideshare vehicles can carry children.

Given existing character checks for WWVP accreditation applied to drivers, there is no apparent need to change existing regulatory requirements around the transport of unaccompanied minors.

Recommendation

Existing ability to transport unaccompanied minors should remain, noting drivers are subject to WWVP requirements.

Carrying of animals

Drivers noted that the current requirement for passengers carrying an animal (other than an assistance animal) dictates a particular method of carriage. A driver suggested that the 'effective and safe restraint' of the animal when in the vehicle was a more appropriate and outcome-focused regulatory setting.

Such an approach, while positive in its intent, may pose issues with implementation and determination of what is an appropriate restraint. However, allowing for such an approach as an alternative may provide the necessary flexibility that drivers (and passengers) seek.

Recommendation

Requirements regarding carriage of animals in public passenger vehicles be reviewed to ensure consistency across the different modes. Any inconsistencies should be addressed in conjunction with the recommendations around identification of assistance animals.

6.3 CANBERRA INTERNATIONAL AIRPORT

Canberra Airport has been at the forefront of 2015 Reform efforts. It was the first Australian airport to enter into service arrangements with a rideshare provider (Uber).

Airport toll

Canberra Airport is concerned with its ability to set access charges (the toll) due to the regulation of taxi fares.

The airport first introduced the toll in 2000 to assist in funding infrastructure as well as contributing to the continuing operating and maintenance costs of the taxi parking facilities and equipment.

Regulation

The ACT's maximum taxi fare determination includes specification of a \$3 allowance for the toll. The prescription of the toll within the price determination for maximum taxi fares allows taxis to pass through the cost to consumers.

Factors to consider

The airport's position has two potential elements:

- action (or inaction) by the government to affect the level of pass-through via the prescribed toll allowance; and
- transparency of pricing to consumers and public.

The ACT Government has the power to set taxi fares but not third-party charges to taxi service providers. A determination removing or providing less than the toll charge would restrict the amount the taxi driver/operator can pass through. This could impose an additional cost on the taxi driver/operator. To date, the government's specification of the toll has matched the amount requested by the airport.

It can be argued that prescription of the toll allowance in the determination supports transparency for the taxi industry and consumers. Regulated fare components are required to be disclosed within vehicles as part of regulated taxi fares. This could equally be addressed by simply requiring the airport toll to be disclosed along with the regulated fare components as part of taxis' fare schedule.

The ACT Government does not specifically refer to the relevant airport toll for hire car and rideshare fees. However, a fare estimate must be given. Uber is charged a fee which it passes on to passengers.⁸¹

Recommendation

The ACT Government allow taxis to pass on an airport toll in the taxi fare determination, but without specifying a dollar amount. Disclosure requirements for fees and charges by taxis services should require the charge to be distinguished from other regulated fare amounts.

Commissionaires

Commissionaire services were put in place to improve outcomes for passengers by providing orderly access to taxi vehicles and resolution of disputes between drivers queuing for hirings at the airport.

The CTIA previously paid for the services with funding from the invoicing of taxi booking services based on usage estimates. The CTIA ceased funding services on 7 December 2017.

As of 5 December 2017, Canberra Airport advised that it had engaged a new third-party provider for commissionaire services at the airport. The provider will commence operating on 18 December 2017. In the intervening period, the airport staff provided commissionaire services.

The provision of commissionaire services at the airport (including funding) is a private commercial matter. The reasonableness of a third party's commercial charge – in this case, the airport – will be determined by the market.

Recommendation

Regulated maximum taxi fares should allow for pass-through of the commissionaire charge. Disclosure requirements for fees and charges by taxis services should require the charge to be distinguished from other regulated fare amounts.

Peak services

Canberra Airport has referred to the number of available licences as a contributing factor to wait times at the airport during peak periods. The demand for taxi services at these times is highly volatile and can be significant when compared to supply for the whole of the ACT market. Factors affecting taxi licence releases are multifaceted and have been publicly outlined by the government. In addition, transport supply from rideshare and bus services has apparently not been effective in addressing peak demand wait times.

The 2015 Reforms have increased ODTI supply (taxi, hire car and rideshare) generally. In addition, in March 2017, the ACT Government commenced public bus services to the airport (with 32 buses per day to the terminal). A private shuttle bus service also continues to operate at the airport.

There are multiple demand and supply actions that market participants could undertake to support services and customer experience during peak demand periods. This could include making information available to taxi and rideshare drivers when there is demand for services; incentivisation of the taxi industry to provide services during peak periods; providing waiting time information; surveying and determining demand factors for passengers; and advertising of alternative services.

Recommendation

Given the options available to market participants the ACT Government not intervene in ODTI services during peak periods to Canberra Airport at this time.

WAT service access

Several WAT stakeholders raised concerns through the consultation about the availability of suitable pick-up areas for arriving passengers requiring WAT services at the airport.

6.4 EVENTS

Community events in Canberra can involve a significant call on ODTI services. Such demand needs to be effectively and efficiently managed. Operational integration with other transport services during events also need to be effectively managed.

Event policies recognise the need for transport management activities to support safety, access and convenience.⁸² The current regulatory framework permits the establishment of temporary taxi ranks.

Service access

Taxi and rideshare providers raised issues with access to event venues to pick up and drop off. These related mainly to equity and permitted traffic management activities. For example, taxi providers queried whether the presence of dedicated parking at events for rideshare vehicles constituted ranking, while rideshare providers queried different access points – for example,

permitted U-turns or directions for access to certain venues. WAT drivers sought dedicated points for pick-up and set-down to support accessibility and safety.

Designated rideshare parking areas at events assist with the safe and effective management of traffic.

Traffic management and transport coordination are important matters to be considered as part of event planning and will change depending on the location and nature of each event.

Driver behaviour

Allegations were made about inappropriate behaviour by drivers of various vehicles in taking advantage of the above-normal demand levels at some events – for example, drivers not activating meters or apps and seeking cash fares. Such matters were referred to Access Canberra for investigation.

These actions are already subject to various offence provisions. The government has provided messaging with the Reforms on the relevant safety and consumer requirements.

These matters will require ongoing education, compliance and enforcement activity.

Recommendation

There be sufficient flexibility in ODTI arrangements and administration to allow for appropriate responses to one-off activities such as events.

7. SUMMARY OF RECOMMENDATIONS

The following tables draw together the further issues and recommendations outlined in the volumes of the report.

Market

No.	Issue	Recommendations and issues
1	Taxi supply	<p>It is recommended that the cap on taxi supply for standard taxis be deregulated in one action from a specified date.</p> <p>It is recommended that wheelchair accessible taxi (WAT) supply remain regulated to support service viability and quality of service.</p>
2	ACT–NSW cross-border services	<p>It is recommended that ACT–NSW cross-border, on-demand transport arrangements better reflect the provision of on-demand transport on an ACT region basis and provide improved consistency in approach for different types of services.</p> <p>It is recommended that cross-border taxi supply remain limited to those eligible to operate in the prescribed ACT region at a given point.</p>
3	Taxi fares	<p>It is recommended that taxi fares be partially deregulated on the following terms:</p> <ol style="list-style-type: none"> rank and hail taxi fares remain subject to a regulated maximum; booked service fares be deregulated after or with the deregulation of taxi supply or subject to a further market update; fare estimates be required for deregulated booked taxi fares, as with hire cars and rideshare; regulated fares for booked services remain for selected vulnerable persons; some components of booked fares be subjected to restrictions (as applied to hire cars and rideshare for surge pricing in emergencies); and the method for determining regulated fares be revised due to data and model deficiencies, and indexation be investigated as the alternative method. <p>In the interim, it is recommended that regulated maximum taxi fare prices remain unchanged.</p>
4	Accessible transport services	<p>It is recommended that incentives be revised to better support the provision of accessible transport services. Incentives include the following:</p> <ol style="list-style-type: none"> revise lift fees and duty car hours to align better with the provision of WAT services to customers and promote availability; remove the remaining nominal licence charges for WAT vehicles;

No.	Issue	Recommendations and issues
		<ul style="list-style-type: none"> c. consider WAT vehicle loans/subsidies and community service obligation (CSO) payments if there is a decline in WAT supply; d. provide a subsidy approach that supports customer choice by extending the current Taxi Subsidy Scheme (TSS) to other services (subject to funding considerations), including exclusion of subsidies for premium services unrelated to the person's mobility needs (e.g. premium service booking fee or surge pricing); and e. consider support improving social inclusion through investigating the viability of providing alternative, lower-level subsidies to assist people to access on-demand transport when they have equipment and aids (such as smaller wheelchairs, walking frames, oxygen tanks and assistance animals) relating to their disability or ageing.
5	Alternative services	<p>It is recommended that further action be taken to clarify the inherent differences between carpooling and commercial hire car services; and recognise new opportunities with social media platforms to facilitate on-demand transport services for consumers.</p> <p>It is recommended that further industry and community engagement be undertaken to develop updated regulatory arrangements.</p>
6	Transition – perpetual taxi licences	<p>It was considered that:</p> <ul style="list-style-type: none"> a. perpetual taxi licence holders have benefited from restrictive regulatory settings at a cost to other market participants and consumers; b. the regulatory and business risks associated with the holding of perpetual taxi licences has been a matter of public knowledge over an extended period of time, well before the 2015 Reforms; and c. any consideration of transitional assistance would be based only on potential impacts of the 2015 Reforms and possible future reforms. <p>It is recommended that:</p> <ul style="list-style-type: none"> d. no financial assistance be provided to perpetual taxi licence holders; and e. financial and personal counselling be made available to holders of perpetual taxi licences.
7	Transition – taxi operators	<p>It is recommended that assistance to taxi operators remain an option for consideration, if required, to support the provision of services to the community.</p>
8	National	<p>It was considered that there is opportunity for further reforms, subject to monitoring the outcomes of approaches in other jurisdictions.</p> <p>It is recommended that the ACT Government remain attentive to the operation of the sector and leverage its networks with other states and</p>

No.	Issue	Recommendations and issues
		territories to support efforts to promote consumer benefits through increased competition.

Operational

No.	Issue	Recommendations and Issues
9	Implementation	<p>It was considered that:</p> <ul style="list-style-type: none"> a. there is an ongoing desire for responsive and timely information and services from government; b. there has been an intensive call on resources associated with significant industry reforms, and it is important that information continues to be provided throughout implementation and transition; c. there is a significant call on government systems associated with interacting with the digital economy; and d. improvements could be made in the implementation of the taxi licence waiting list. <p>It is recommended that the ACT Government consider:</p> <ul style="list-style-type: none"> e. resourcing and system requirements with the implementation of any further reforms; and f. Improvements to the allocation of taxi licences through the waiting list system.
10	Accessible services – vehicle	It is recommended that impediments to vehicle choice for accessible transport services be removed so long as safety and accessibility standards are maintained.
11	Accessible services – vehicle hoist	It is recommended that the ACT Government work with other jurisdictions to revise national standards and consider interim measures to address concerns about the operation of hoists.
12	Accessible services – driver actions	It is recommended that there be additional education, compliance and enforcement activities across service types in relation to servicing passengers and meeting the required competencies – in particular, the discrimination competency.
13	Accessible services – driver actions	<p>It is recommended that industry consider the introduction of technologies which facilitate driver/vehicle rating and feedback by passengers to encourage positive driver behaviours.</p> <p>It is recommended that the ACT Government continue to work with industry to promote education and compliance.</p>
14	Accessible services – driver actions	Given that community transport has not been examined as part of the evaluation, it was considered that the government may wish to examine the training and standards of drivers providing accessible transport generally.

No.	Issue	Recommendations and Issues
15	Accessible services – assistance animals	<p>It is recommended that action be taken to:</p> <ul style="list-style-type: none"> a. align references in legislation to assistance animals; and b. promote the ready identification of trained assistance animals (including those undertaking training) to support both accessibility and safety for public transport passengers and drivers.
16	Accessible services – location	<p>It is recommended that there be ongoing consideration of people with mobility needs as part of public transport planning (in particular, around transitioning from one mode of transport to another).</p>
17	Accessible services – WAT Centralised Booking Service (WCBS) contracting	<p>It is recommended that the process for determining new WCBS contract arrangements account for the value of current arrangements and industry transition as part of the 2015 Reforms.</p>
18	Drivers – bailment contracts	<p>It was considered that government action is not required in relation to the transparency of bailment contracts.</p>
19	Drivers – behaviour	<p>It is recommended that the government audit transport booking services' (TBSs') training and disciplinary programs.</p> <p>It was considered that the ACT Government is capable of taking direct action against negative driver behaviour through the existing licensing framework.</p>
20	Drivers – fatigue	<p>It is recommended that:</p> <ul style="list-style-type: none"> a. ACT Government agencies continue to work with industry to educate drivers about the dangers of driver fatigue; b. Access Canberra observe and report to the ACT Government on industry fatigue management practices; and c. The ACT Government pursue a national policy approach to driver fatigue in on-demand transport (including engagement with the ACT's workers' compensation regulator).
21	Drivers – student visas	<p>It is recommended that the ACT Government continue to work with the Department of Home Affairs on immigration matters, including student visa checks among on-demand transport drivers.</p>
22	Drivers – English language	<p>It is recommended that the current English language requirements remain, and remain at the current scoring levels, for taxi drivers providing rank and hail services.</p>
23	Drivers – parking and ranking	<p>It is recommended that all relevant parties continue ongoing compliance efforts around rideshare parking to prevent ranking.</p> <p>It was considered that ranking arrangements should be included with further transport infrastructure planning.</p>

No.	Issue	Recommendations and Issues
24	Vehicles – taxi vehicle age limits	It is recommended that vehicle age limits for standard and single WAT taxis be extended to allow vehicles up to ten years of age, but with no taxi use limit.
25	Vehicles – Suitable vehicles	It is recommended that the regulatory definition of a ‘suitable vehicle’ be amended to permit four-door utes to provide rideshare services.
26	Vehicles – Rideshare vehicle identification	<p>It is recommended that the ACT Government:</p> <ul style="list-style-type: none"> a. update the regulatory framework to permit the use of alternative identification labels; and b. monitor any change in rideshare driver/passenger behaviour with the changes to the current labelling arrangements to ensure that rideshare drivers are not undertaking rank and hail activity. <p>It was considered that there may be further opportunity to consider the need for advertising restrictions for rideshare services.</p>
27	Transport booking services – stakeholder engagement	It is recommended that any future engagement with the on-demand transport industry (ODTI) should involve the spectrum of TBSs.
28	Transport booking services	It is recommended that consideration be given to reducing TBS reporting requirements, subject to further policy considerations.
29	Carriage of children and animals – seating for minors	It is recommended that existing child restraint requirements continue.
30	Carriage of children and animals – seating for minors	It is recommended that there be improved public education, in collaboration with industry, on options for the transport of minors when restraints are not available (i.e. bus or taxi).
31	Carriage of children and animals – unaccompanied minors	It is recommended that the existing ability to transport unaccompanied minors should remain, noting drivers are subject to Working With Vulnerable People (WWVP) requirements.
32	Carriage of children and animals – caging of animals	It is recommended that the requirements regarding carriage of animals in public passenger vehicles be reviewed to ensure consistency across the different modes. Any inconsistencies should be addressed in conjunction with the recommendations around identification of assistance animals.
33	Canberra Airport – toll	It is recommended that the ACT Government allow taxis to pass on an airport toll in the taxi fare determination, but without specifying a dollar amount. Disclosure requirements for fees and charges by taxis services should require the charge to be distinguished from other regulated fare amounts.

No.	Issue	Recommendations and Issues
34	Canberra Airport – commissionaires	It is recommended that regulated maximum taxi fares should allow for pass-through of the commissionaire charge. Disclosure requirements for fees and charges by taxis services should require the charge to be distinguished from other regulated fare amounts.
35	Canberra Airport – peak services	Given the options available to consumers, it is recommended that the ACT Government not intervene in ODTI services during peak periods to Canberra Airport at this time.
36	Events	It is recommended that there be sufficient flexibility in ODTI arrangements and administration to allow for appropriate responses to one-off activities such as events.

8. STAKEHOLDER ENGAGEMENT

IMPLEMENTATION WORKING GROUP

During phase 2 of the Reforms, the ACT Government undertook targeted community engagement on regulatory reform and implementation with a dedicated Implementation Working Group (IWG).

The steering group for the IWG was consulted on the arrangements for the evaluation. The steering group included parties representing taxi, hire car and rideshare interests, third-party booking services, unions and the community. Calls for submissions as part of public consultations were communicated to members of the IWG.

PUBLIC CONSULTATION

An extended period of public consultation was undertaken as part of the evaluation. From 5 July 2017 to 5 September 2017 public submissions were sought following the release of a discussion paper.⁸³

Submissions

Submissions were received from:

- 13 in-confidence submitters
- ACT Cabs
- ACT Liberal Democrats
- ACT Taxi Plate Owners' Association
- Canberra Airport
- Canberra Taxi Industry Association
- Denis O'Brien
- Ian Trehwella AM
- Jajit Singh and Associates
- 13WATS (EBA Solutions Pty Ltd).

Meetings

As part of the public consultation process a range of meetings were held with the following stakeholders:

- Canberra Airport
- ACT Taxi Plate Owners' Association
- People with Disabilities ACT
- ACT Council of Social Service (ACTCOSS)
- Canberra Taxi Industry Association
- Cabxpress
- ACT Cabs
- Taxi Drivers
- 13WATS
- Uber Technologies
- Uber People
- Sikh Taxi Drivers' Association
- The RIK Group.

Surveys

Surveys were conducted with various stakeholders to explore the impacts of the reforms, with over 2,500 survey responses received. For detail on outcomes refer to the report, *Results of community engagement*.

ENDNOTES

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- ¹ RTA (Access Canberra).
- ² <https://www.accesscanberra.act.gov.au/ci/fattach/get/168834/1505174398/redirect/1/filename/ACT+taxi+industry+innovation+reforms+-+On-demand+transport+industry+evaluation+-+Summary+discuss.pdf>.
- ³ <https://www.yoursay.act.gov.au/ridesharereform>; https://www.accesscanberra.act.gov.au/app/answers/detail/a_id/4134.
- ⁴ Similar outcomes have been seen in New South Wales. See <https://www.ipart.nsw.gov.au/files/sharedassets/website/shared-files/investigation-administrative-taxi-passenger-survey/taverner-research-comparing-surveys-of-point-to-point-transport-use-november-2014-to-february-2017.pdf>; <http://www.smh.com.au/nsw/uber-increasingly-popular-in-sydney-as-taxi-use-stands-firm-20170227-gulydf.html>.
- ⁵ Source: <http://www.abs.gov.au/ausstats/abs@.nsf/mf/3218.0>; <http://apps.treasury.act.gov.au/demography/projections/act/total>.
- ⁶ A duopoly is a form of oligopoly – a market situation in which control over the supply of a commodity is held by a small number of producers, each of whom is able to influence prices and thus directly affect the position of competitors. Source: <https://www.collinsdictionary.com>.
- ⁷ Taxi, hire car and rideshare customer survey – 2017, questions 7, 11 and 16.
- ⁸ <http://www.icrc.act.gov.au/wp-content/uploads/2013/02/finalreporttaxipricesjune2002.pdf>.
- ⁹ <http://www.cmd.act.gov.au/policystrategic/regreform/2015-taxi-industry-innovation-reforms/additional-background-information/supporting-analysis>.
- ¹⁰ <http://www.cmd.act.gov.au/policystrategic/regreform/2015-taxi-industry-innovation-reforms/additional-background-information/supporting-analysis>.
- ¹¹ <https://www.yoursay.act.gov.au/ctp>.
- ¹² See CIE Reform Report.
- ¹³ Note that the weighted-average score for the ‘overall’ category may not equal the cumulative weighted-average scores of the other six categories.
- ¹⁴ uberASSIST is designed to provide additional assistance for members of the community with different accessibility needs. With uberASSIST, Uber drivers receive specific training from the Australian Network on Disability on the necessary knowledge and safety requirements of people with varying accessibility needs and how to accommodate folding wheelchairs, walkers, and collapsible scooters. Source: <https://www.uber.com/en-AU/blog/uberaccess-expanding-transportation-options-2-2/>.
- ¹⁵ Through taxi vehicle owner and driver surveys, a number of taxi operator respondents were concerned with the cost of paying workers compensation premiums in certain circumstances.
- ¹⁶ See CIE Stakeholder Report.
- ¹⁷ See CIE Reform Report.
- ¹⁸ The Road Transport Authority has received unconfirmed reports of subleasing of government leased taxi licences, which is not permitted under taxi licensing regulatory requirements.
- ¹⁹ See CIE Reform Report.
- ²⁰ <http://www.cmd.act.gov.au/policystrategic/regreform/2015-taxi-industry-innovation-reforms/taxi-industry-innovation-review-discussion-paper>.
- ²¹ Road Transport Authority.
- ²² Rego.act, as at 2 October 2015.
- ²³ See ACT Taxi vehicle owner and driver survey – 2017, question 28.
- ²⁴ Uber.
- ²⁵ Uber.
- ²⁶ Uber; evaluation discussion with Uber People.
- ²⁷ Evaluation discussion with Uber People.
- ²⁸ <http://www.afr.com/news/policy/industrial-relations/uber-faces-fair-work-probe-for-sham-contracting-20170628-gx09zs>.
- ²⁹ Hire car owner and driver survey – 2017, Questions 18 (n=2) and 27 (n=2).
- ³⁰ Hire car owner and driver survey – 2017, Questions 24 (n=2) and 16 (n=2).
- ³¹ Hire car owner and driver survey – 2017, Questions 19 (n=2) and 28 (n=28).
- ³² <https://www.ipart.nsw.gov.au/files/sharedassets/website/shared-files/pricing-reviews-transport-services-admin-taxi-fares-and-licences-from-july-2018/publications-taxi-fares-and-licences-from-july-2018/consultant-report-houstonkemp-use-of-ride-sharing-and-taxi-services-in-nsw-december-2017.pdf>.
- ³³ <https://www.splend.com.au/>.
- ³⁴ Data on third-party vehicle leasing numbers in the ACT was not available. As at February 2017, Splend was reported as having 1,300 vehicles across Australian capital cities (see <http://www.afr.com/technology/apps/uber-car-hire-company-splend-thinks-global-after-10-per-cent-investec-investment-20170215-gudpjm>).
- ³⁵ Productivity Commission, <https://www.pc.gov.au/research/completed/taxi-regulation/taxiregulation.pdf>, p. 11.
- ³⁶ Some practical concerns have been raised through the evaluation that may limit the opportunity to reduce fares, such as requirements around the operation of taxi meters.
- ³⁷ ACT Legislative Assembly, *Hansard*, 17 November 2015.
- ³⁸ See CIE Stakeholder Report.
- ³⁹ Access Canberra.
- ⁴⁰ Source of average purchase price: Access Canberra.

⁴¹ The ACTVO notes that a 9% yield for a taxi licence might be considered reasonable given the risks of ownership as compared with an industrial unit, B Grade Office or secondary retail area where similar yields are common.

⁴² In its legislative scrutiny role: Scrutiny Report 39, 10 November 2015:

https://www.parliament.act.gov.au/_data/assets/pdf_file/0004/792067/Report-39.pdf.

⁴³ Independent Competition and Regulatory Commission, *Final report: review of the future direction of the ACT taxi and hire car industry, and price direction for taxi services*, June 2002 (ICRC 2002 Report) (see <http://www.icrc.act.gov.au/wp-content/uploads/2013/02/finalreporttaxipricesjune2002.pdf>).

⁴⁴ Some parties have used residential property as collateral for loans to acquire licences. See Independent Competition and Regulatory Commission, *Final report: determination of taxi fares for the period 1 July 2004 to 30 June 2007*: <http://www.icrc.act.gov.au/wp-content/uploads/2013/02/finaltaxireport310504web.pdf>.

⁴⁵ See CIE Stakeholder Report.

⁴⁶ See CIE Stakeholder Report, page 26.

- ⁴⁷ For small businesses, over a four-year period, of the 2.1 million firms in business in June 2011, only 1.3 million, or 62%, were still in business in 2015: http://www.asbfeo.gov.au/sites/default/files/Small_Business_Statistical_Report-Final.pdf.
- ⁴⁸ <https://www.transport.nsw.gov.au/projects/programs/point-to-point-transport>.
- ⁴⁹ Note the 2016 Memorandum of Understanding For Regional Collaboration: <http://rdaact.org.au/storage/mou-for-regional-collaboration-act-nsw.pdf>.
- ⁵⁰ Hire cars are not considered in this regard do to their traditional premium market service.
- ⁵¹ <http://www.canberratimes.com.au/act-news/canberra-vehicle-inspectors-examine-cars-at-school-formals-20171129-gzuwgz.html>.
- ⁵² <http://www.canberratimes.com.au/act-news/canberra-vehicle-inspectors-examine-cars-at-school-formals-20171129-gzuwgz.html>.
- ⁵³ For example, <http://www.freedommotorsaustralia.com.au/taxis/>.
- ⁵⁴ <https://www.humanrights.gov.au/our-work/disability-rights/projects/assistance-animals-and-disability-discrimination-act-1992-cth>; <http://www.servicedogcentral.org/content/node/92>.
- ⁵⁵ Identified via the surveys, complaints received by the RTA and other (social) media.
- ⁵⁶ Taxi, hire car and rideshare customer survey – 2017, Free-text responses. Note that some free-text responses are confidential.
- ⁵⁷ Road Transport (Public Passenger Services) Training For Bookable Vehicle Drivers Determination 2016 (No. 1), <http://www.legislation.act.gov.au/ni/2016-422/current/pdf/2016-422.pdf>.
- ⁵⁸ <http://roadsafety.transport.nsw.gov.au/stayingsafe/fatigue/index.html>.
- ⁵⁹ <https://www.police.act.gov.au/road-safety/safe-driving/driver-fatigue>; <https://www.safeworkaustralia.gov.au/fatigue>; <https://www.safeworkaustralia.gov.au/doc/guide-managing-risk-fatigue-work>; https://www.comcare.gov.au/preventing/hazards/psychosocial_hazards/driver_fatigue.
- ⁶⁰ <http://www.aerialcapitalgroup.com.au/resources/pdf/BASIC%20FATIGUE%20MGMT%20GUIDE%20Aerial%20Sept%2016%20V2.pdf>.
- ⁶¹ <https://canberraelite.com.au/sites/default/files/NewTaxiDriverInformationPackV2.pdf>.
- ⁶² <https://www.parliament.nsw.gov.au/committees/DBAssets/InquiryOther/Transcript/10105/Response%20to%20Supplementary%20Questions%20-%20Uber.pdf>.
- ⁶³ <https://www.uber.com/en-AU/blog/staying-safe-on-the-road/>; <http://www.canberratimes.com.au/nsw/ridesharing-driver-charged-after-passenger-killed-by-a-bus-in-sydney-cbd-20171204-gzypzx.html>.
- ⁶⁴ Some industry stakeholders have also suggested longer hours are resulting in a lack of hygiene management.
- ⁶⁵ <https://www.safeworkaustralia.gov.au/system/files/.../managing-the-risk-of-fatigue.doc>.
- ⁶⁶ 'Research indicates that taxi drivers are more than twice as likely to be killed or seriously injured while driving at work or while commuting. Taxi drivers are prone to fatigue-related risks, made worse by the very nature of the work which often requires long hours and driving at all times of the 24-hour day. Factors associated with an increased crash risk in taxi drivers include longer shifts and shorter total break times during shifts.' Source: *Fatigue-related risks for Queensland taxi drivers* (2011).
- ⁶⁷ Workplace Safety, CMTEDD, participates in a WHS Community of Practice in which policy officers discuss emerging issues and work together on resolutions.
- ⁶⁸ <http://www.legislation.act.gov.au/ni/2017-105/current/pdf/2017-105.pdf>.
- ⁶⁹ <https://www.atia.com.au/wp-content/uploads/Canberra-Taxi-Rank-Master-Plan.pdf>.
- ⁷⁰ <https://www.sa.gov.au/topics/driving-and-transport/transport-industry-services/taxi-and-passenger-transport/Operator-Accreditation>.
- ⁷¹ https://transport.nt.gov.au/_data/assets/pdf_file/0019/446131/Draft-Taxi-In-service-Maintenance-Standards-2017-v1.pdf.
- ⁷² http://www.transport.tas.gov.au/_data/assets/pdf_file/0013/113512/Taxis_in_Tasmania-Operating_Ages.pdf; http://www.transport.tas.gov.au/_data/assets/pdf_file/0009/142596/THVI_Regulatory_Review_-_Consultation_Paper,_December_2016_-_FINAL.pdf.
- ⁷³ <http://taxi.vic.gov.au/owners-and-operators/taxi-owners-and-operators/vehicles/taxi-vehicle-age-limits>.
- ⁷⁴ http://taxi.vic.gov.au/_data/assets/pdf_file/0014/36212/MUARC-Report-Research-on-the-safety-implications-of-taxi-and-hire-car-age-limits.pdf.
- ⁷⁵ <http://www.news.com.au/technology/innovation/motoring/utes-are-fast-becoming-the-new-aussie-family-car-toyota-hilux-and-ford-ranger-set-new-record/news-story/0ce8088aa6c7f4a3c490c1ffa2d089f8>.
- ⁷⁶ Section 266, Australian Road Rules.
- ⁷⁷ Kidsafe Australia – campaign on making passenger safety a priority: <http://www.kidsafe.com.au/hot-topic.html>; and Australian Institute of Health and Welfare, 2015 factsheet: Land Transport Accidents.
- ⁷⁸ University of Sydney, *A 10-year review of the characteristics and health outcomes of injury related hospitalisations of children in Australia* (May 2017).
- ⁷⁹ Kidsafe SA Inc, (September 2010): http://www.kidsafesa.com.au/_files/f/2286/12_Key_Facts_about_Child_Injury.pdf.
- ⁸⁰ Kidsafe Australia, *National Guidelines for the Safe Restraint of Children Travelling in Motor Vehicles*, developed by Neuroscience Research Australia and Kidsafe, p. 31: https://www.neura.edu.au/wp-content/uploads/2016/05/Best-Practice-Child-Restraint-Guidelines_0.pdf.
- ⁸¹ <https://uberpeople.net/threads/uber-now-passing-on-airport-fee-of-3-13-to-passengers.202261/>.
- ⁸² https://www.tccs.act.gov.au/_data/assets/pdf_file/0011/335648/Special_Events_Handbook.pdf.
- ⁸³ http://www.cmd.act.gov.au/open_government/inform/act_government_media_releases/gordon-ramsay-mla-media-releases/2017/have-your-say-on-the-governments-rideshare-reforms; <https://www.accesscanberra.act.gov.au/ci/fattach/get/168833/1505174285/redirect/1/filename/ACT%2Btaxi%2Bindustry%2Binno>

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