



## Department of Transport

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Mr Patrick O'Brien  
Secretary  
Economy and Infrastructure Committee of the Legislative Council  
Parliament House  
MELBOURNE VIC 3000

Sent via: [taxiinquiry@parliament.vic.gov.au](mailto:taxiinquiry@parliament.vic.gov.au)

Dear Mr O'Brien

### **DEPARTMENT OF TRANSPORT SUBMISSION TO THE COMMITTEE INQUIRY INTO THE COMMERCIAL PASSENGER VEHICLE INDUSTRY ACT 2017 REFORMS**

Thank you for your letter to the Secretary of 5 May 2019 requesting a submission to the Inquiry into the Commercial Passenger Vehicle Industry Act 2017 Reforms ('the inquiry'). Please find attached a submission from the Department of Transport.

Should you wish to clarify any of the points in the submission, please do not hesitate to contact me. Thank you again for the opportunity to provide input to the inquiry.

Yours sincerely



**Michael Hopkins**  
A/g Deputy Secretary  
Policy & Innovation

24 / 7 / 19

## DEPARTMENT OF TRANSPORT SUBMISSION TO THE COMMITTEE INQUIRY INTO THE COMMERCIAL PASSENGER VEHICLE INDUSTRY ACT 2017 REFORMS

### Overview

The taxi, hire car and ride share industry in Victoria has been significantly reformed over the last three years to deliver more choice, better and safer services and improved customer service.

Wide-ranging reforms were first announced in August 2016 and have included the abolition of licence fees; stronger consumer protections; the regulation of rideshare providers; and a significant industry assistance scheme. A new legislative and regulatory framework, supported by further administrative and compliance practice improvements by the industry regulator, Commercial Passenger Vehicles Victoria (CPVV), has also been introduced.

Prior to the reforms, licensing of taxis and hire cars had limited the supply of services in the industry and poor passenger experiences were of longstanding concern. The Taxi Industry Inquiry in 2012 noted: “There is widespread agreement that taxi services need to improve, with concerns raised with the inquiry about the quality, reliability, cost and availability of services”; and “There is considerable dissatisfaction with the availability of taxi services, especially late at night in the Melbourne CBD”. (*Taxi Industry Inquiry, Summary page 8, December 2012*).

Leading up to the 2016 reforms, Victoria's population was growing rapidly, and the emergence of new technology and business models meant the industry was facing sweeping changes and was not competing on a level playing field.

In that context, new laws were agreed by the Parliament through two stages of legislation in 2017. Section 10 of the *Commercial Passenger Vehicle Industry Act 2017* ('the Act') sets out:

The objectives of this Act are to promote—

- (a) competition in the market for commercial passenger vehicle services; and
- (b) commercial passenger vehicle safety; and
- (c) the effective management of safety risks arising out of the provision of commercial passenger vehicle services; and
- (d) continuous improvement in the management of commercial passenger vehicle safety; and
- (e) public confidence in the safety of commercial passenger vehicle services; and
- (f) the involvement of relevant stakeholders in commercial passenger vehicle safety; and
- (g) a safety culture among persons who participate in the provision of commercial passenger vehicle services; and
- (h) protections for users of commercial passenger vehicle services; and
- (i) transparency in transactions for the provision of commercial passenger vehicle services.

### Levelling the playing field

The reforms promoted competition by removing significant taxi and hire car licence fees, from up to \$23,000 a year to \$56 annually, making it easier to enter the industry.

The legislative reforms revoked licences and replaced licensing with Commercial Passenger Vehicle (CPV) registration. Any person who wishes to use their vehicle, whether on a casual

basis to provide rideshare services or on an ongoing basis to provide dedicated CPV services, is able to register their vehicle as a CPV.

To promote competition, and innovation, the legislative reform also deregulated fares for booked services state-wide. The Essential Services Commission (ESC) continues to regulate maximum fares for unbooked services in the Metropolitan, Urban, and Large Regional Zones.

New regulations were developed, using a Regulatory Impact Statement (RIS) process, to support the new law. The Department led this process and undertook public consultation, in accordance with the requirements of the *Subordinate Legislation Act 1994*. A summary of comments received on the RIS and the departmental responses are available to the public on the Department's website at <https://getinvolved.transport.vic.gov.au/commercial-passenger-vehicle-regulations>.

In a further levelling of the playing field, from 1 July 2018, the cost of TAC premiums for taxis was reduced by up to \$2,000 per year.

### **Improved safety and accountability**

The objectives of the Act make improving safety for drivers and passengers a clear focus of the reforms. This is now a key focus for the industry regulator CPVV. A new, modern safety duty scheme is in place under the legislation. This mirrors the existing duties under the *Occupational Health and Safety Act 2004*. The safety duties for the industry require duty holders to ensure safety so far as is reasonably practicable. The new safety duties framework means that the industry needs to take action to identify risk and hazards and eliminate or reduce any risks to safety in the provision of CPV services. It is an offence for a Booking Service Provider (BSP) to supply bookings to persons who use unregistered vehicles. BSPs are required to ensure that drivers are accredited, and the BSP provides the accreditation number to the passenger.

The industry regulator's updated investigation and enforcement powers also mean that CPVV has powers to take action in the event that any service provider does not meet stringent safety standards, does not comply with the law or is not a fit and proper person to provide services in Victoria.

### **Industry transition support**

Industry participants facing the sweeping changes to the industry were supported by a financial assistance package, first announced in August 2016 (this was in addition to the \$4 million Taxi Reform Hardship Fund created in 2015 to assist licence owners due to the reforms that followed the previous Taxi Industry Inquiry). The reform support package included:

- \$332 million of transition assistance payments (administered by the then Taxi Services Commission (TSC), now CPVV); and
- A means tested Fairness Fund administered by the Department. Assessment of applications to the Fairness Fund was completed in mid-2018, with \$56.75 million paid to 693 applicants.

The CPV Service Levy began on 1 July 2018 and is being collected by the State Revenue Office. The \$1 levy means that those who benefit from the reforms are helping to cover the cost of the Government's significant assistance package.

### **The Multi-Purpose Taxi Program**

The Government provided an additional \$25 million from the Fairness Fund for an increase to the 'lifting fee' paid to CPVs as an incentive and recognition of the additional time to pick up and drop off members of the Multi-Purpose Taxi Program. The Government also appointed a new Commissioner to CPVV to improve the customer-focus of the industry with respect to people with disability.

### **More drivers, more choice**

The increase in accredited drivers (from 62,076 in October 2017 to 96,362 in May 2019) and registered vehicles (from 8,460 in October 2017 to 66,894 in May 2019), as well as the greater choice of BSPs, is resulting in reduced average waiting times for services.

Average wait times for conventional CPVs during daytime is expected to have fallen by around 1 minute (2019-20 Budget Paper No. 3, page 336). Importantly, the average wait time in daytime periods for wheelchair accessible CPVs is expected to have fallen from 27 minutes in 2017-18, to under 17 minutes. This improvement in quality is reflected in the growing number of trips being taken - over five million individual taxi trips were subsidised through the Multi-Purpose Taxi Program in 2017-18. Compared to 2016-17 this represents a six per cent increase in the number of trips subsidised. These figures are expected to rise significantly to 5.4 million in 2018-19 (2019-20 Budget Paper No. 3, page 336).