

Taxis — Peak-Period Operating Hours Trial — Statement by Minister for Transport

Resumed from 18 August.

Motion

Hon KEN TRAVERS: I move —

That the statement be noted.

I was about to ask if government members could let the Minister for Transport know we are debating this matter. I note he has returned from urgent parliamentary business. The impression I got earlier in the day was that the minister would provide some updated information.

Hon Simon O'Brien: I said the member would have the opportunity to canvass the matter.

Hon KEN TRAVERS: That is exactly what I was hoping to do. I look forward to getting some updated information.

For the benefit of members in the house, in 2007 there was extensive pressure on the taxi system in Western Australia. There was a shortage of drivers as a result of the state going through a period of extensive economic growth. That placed immense pressure on the taxi system in meeting demand. There were a lot of complaints from representatives of taxi users—travellers to the airport; hotels, particularly the accommodation hotels in Perth's CBD; as well as people in the general community—who sought taxis early in the morning. A trial was implemented to allow peak-period taxis, which traditionally operated on weekends to cover the peak period, to operate on weekday mornings to try to assist with this increased demand at that time of day.

The statement we are debating today was made by the Minister for Transport in March last year. At that stage, as well as making a ministerial report, the minister tabled a copy of a report into the operating hours trial for peak-period taxis. Some interesting issues were raised about the number of taxidriviers who took up the opportunity, and some reasons why both conventional taxidriviers and peak-period drivers did or did not participate in the mornings were discussed. A number of taxidriviers said it was because they did not think it was economically viable. There was also no doubt that two things occurred. Firstly, the demand that existed in 2007 had decreased, which, on the positive side, was good. Secondly, the report clearly showed that the jobs not covered had decreased significantly from the period when the trial was first introduced in 2007. There was a decline into 2008. Interestingly, in some areas a number of jobs were still not being covered, but it was significantly down on what it had been.

At the time the minister made some announcements about a change in the processes that would occur, and we went to an odd and even number approach to taxis operating. The minister said that would continue for a further 12 months from March 2009. I am certainly keen to get an update from the minister. In February this year the minister indicated in a press release that the peak plates operating in the mornings would continue for the remainder of 2010. He also indicated that there would be an ongoing review and monitoring of the situation.

One always hesitates before telling a taxidriver what his or her job is! They all have a slightly different view about this. One thing that is always consistent with taxidriviers is that they are always doing it tough, there is never enough work, they are never making enough money, and the government is completely and fully to blame. I did not always agree with that opinion but I do now!

Hon Simon O'Brien: You have seen the light!

Hon KEN TRAVERS: In all seriousness, it is important we make sure taxidriviers get a fair reward for the effort they put in and for the work that they do. It is a regulated industry. We need to make sure that we are not making changes to that regulation that removes the viability of taxidriviers to provide a service and provide a service at times that the public needs it. If that is not the purpose of having regulation, my argument would be to get rid of the regulation. It is about trying to make sure there are enough taxis. The whole point of regulations is to make sure there are taxis out there to meet the peak demand and to make sure, in the off-peak periods, that the job is viable for people to participate in the industry.

I am keen to find out from the minister whether constant monitoring has occurred; where we are up to; whether it is the intention of the government to continue; how many drivers continue to participate; what impact it is having on the industry; and what the minister's intentions are. There was a brief comment in a press release at the start of this year that indicated the trial would continue for the remainder of this year. I am keen to get an update about where the minister sees this matter going in the future.

Hon SIMON O'BRIEN: I thank members for their interest. Hon Ken Travers has a long-term interest in taxi matters. I think he in fact chaired a review into an aspect of taxi operations.

Hon Ken Travers: It was country taxis.

Hon SIMON O'BRIEN: Hon Graham Giffard did a similar one for metro. That was some years ago now. Was it about 2003?

Hon Ken Travers: Graham Giffard's would have been 2003. Mine probably was too. Was it that long ago?

Hon SIMON O'BRIEN: I acknowledge the member not only has an interest in the matter but also an understanding of it that derives from his earlier activities.

I was in Kalgoorlie over the weekend and into this week and met with taxi operators there. It is a very well run service. It is a credit to them. This statement from 31 March last year is a bit different. It relates to metropolitan taxis, in particular the extension of the peak-period operating hours. One of the difficulties with our current system in this chamber, which I do not think we have got right, is that we are considering this statement in September 2010. That is just not a timely consideration of this matter. Numerous other developments have taken place. By way of interjection during an earlier debate in today's proceedings, when reference was made to what I was doing with transport or taxis, I said, "You'll have an opportunity to ask a bit about taxis later on", alluding to the current debate. That was the reference I made that the honourable member referred to earlier.

Hon Ken Travers: At one level the delay is a problem but at another level it is a good chance to get an update on where it is going. It has been ongoing. As far as I am aware, the minister still has not reached a final decision as to —

Hon SIMON O'BRIEN: I think the problem in an 18-month delay to consider a ministerial statement is that in many cases the bird has well and truly flown and it is no longer a matter of interest.

Hon Ken Travers: On lots; but this one is actually still topical.

Hon SIMON O'BRIEN: Of course taxis are here to stay and the issues the member alluded to are of ongoing interest. There have been a lot of developments on this matter as well as related matters since. This is, therefore, to some extent ancient history. However, prior to my time as minister, the previous government brought in a trial of optional hours for peak-period taxis. As the name indicates, peak-period taxis are licensed basically to deal with peak periods—they really are peak periods of demand on Friday night into Saturday, and Saturday night into Sunday morning—and are allowed to provide services at the operator's discretion during the morning business peaks on Monday to Friday. This was—dare I say it?—a brave decision by my predecessor, because these are the sorts of things that cause controversy within the industry. Hon Ken Travers alluded to some of the many and varied views. I think the expression was that everyone in the taxi game has their own viewpoint; and that is very much the case. There are certainly some clear views held by different groups. For example, owner-investors in taxi plates have a quite different view of the world from the view of leased plate holders; leased plate holders have a different view from occasional drivers on leased plates; occasional drivers on leased plates have a different view from owner-drivers; and so on. They all have their competing points of view and those views seem to be almost totally irreconcilable. No-one has a majority and the industry, therefore, does not talk with a majority voice, much less a united voice. These are the problems that have always bedevilled any consideration of the future of regulation and of initiatives such as this one.

Hon Ken Travers: It can be made even more difficult when members of Parliament try to play politics with it, but I assure the minister that on this issue I am more than happy to work with him to get a good outcome.

Hon SIMON O'BRIEN: I appreciate that, because it is true that when emotions run high, it is a good time to be in opposition and a more demanding time to be in government. Passions can run high in and around the taxi industry, and I am glad to say that there has not been a case of taxis blockading Parliament House on my watch—touch wood!

Hon Ljiljanna Ravlich: We sorted it all out!

Hon SIMON O'BRIEN: That does not mean for a moment that there are not some challenges ahead. In fairness, before Hon Ken Travers feels constrained to point this out, some of the difficulties in the sector have eased in recent times. But I think there will be a further period of rapid economic expansion shortly. We are already seeing some evidence of that. If members wish me to continue, I will give them some advice about that, but there are many other things that we will need to discuss from time to time.

Getting back to the ministerial statement, the optional capacity for drivers to operate in the morning peaks on Monday to Friday, if they wished, was taken up with some enthusiasm by very many of the peak-period licence holders. That was, of course, to the distress of a number of other full-time taxi drivers, who saw that as competition for the rich pickings that are available in peak times when there is a heavy demand for taxis. This is one of those irreconcilable situations that we find in taxi life. There is a peak demand when there is a perceived shortage of taxis, consumers demand more services to be available and, of course, when a government acts using one device or another—in this case the option of peak-period taxis allowed to operate in the mornings—there is

a kickback from other taxi operators who regard it as an erosion of their own profit base, and some people get very unhappy about that.

The situation eased throughout those 12 months, and when I reviewed it, members may have noticed that, although I allowed the optional extension of peak-period operating hours to continue, I did so with one important caveat, which was a recognition of the contracted economic circumstances that were then presenting. These were identifiable through the quality information that has increasingly been garnered by the passenger services business unit. On that basis I authorised a day on, day off authorisation for drivers to participate in the mornings. That was odd days for odd-numbered taxi plates and even days for even-numbered taxi plates. That was therefore a concession to all parties. It was not that complicated; everyone clearly understood it. But it was an attempt to acknowledge that the amount of work available had certainly eased to the discomfort of full-time cabbies; to recognise also that there was still a requirement for more than the base number of full-time cabs in the early morning peak so that there would still be some available out there on the roads; and also to recognise that peak-period operators have a valuable service to offer.

That option therefore commenced back in April last year. All those arrangements remain in place and we are constantly reviewing the effectiveness of operations. If members wish me to continue, I will, but I think that will do for now on this statement. If there is anything else that members want to take the opportunity to discuss, I am sure the Chairman will be willing to allow us to entertain a little more discussion.

Hon KEN TRAVERS: I would like an update from the minister. Obviously at the time of tabling this report and the ministerial statement, the minister indicated that there would be ongoing monitoring for another 12 months. The minister has indicated now that the monitoring has been extended to the end of this year. I am keen to get an idea from the government on whether it regards this option as permanent now. Is it permanent with ongoing monitoring? If so, what is the monitoring and what are the tests that determine whether it remains in place? We have had these optional peak plates for almost three years, and it strikes me that we should be bedding down some firm rules on when these optional peak plates will and will not operate; whether there is a test for the number of jobs not covered and whether they are booked jobs or jobs filled on an as soon as possible basis; and the percentage of those jobs not covered that would trigger the job being opened up to everyone. On the viability side, is there a point at which the government will withdraw the option for any operator to operate at this time? There needs to be some indication to the taxi community, both users and operators, of what the future holds. I would certainly be interested in the answers to those questions, because the statement at the time indicated that the minister would be constantly revisiting this issue. I would appreciate an update on where all that is at the moment.

Hon SIMON O'BRIEN: Just briefly, I firstly acknowledge what the member has said. I understand what he is talking about in bedding down operations. Everyone certainly appreciates that. I have already said in my earlier remarks that changes in taxi rules raise concerns and uncertainties because one party may perceive that he or she is advantaged or disadvantaged vis-a-vis other parties. That is one good reason for having rules bedded down and for not chopping and changing too often, and another good reason for me not to be chopping and changing too often from my position.

Hon Ken Travers: You can chop and change as long as you set out the parameters. So, if you have said the job is not covered and that this is what will happen to a guy who is over two per cent, you have some measure of the viability of the industry, and if it drops below a certain level, you withdraw it. At least then people would know the situation when the economy erupted or slowed down.

Hon SIMON O'BRIEN: Granted. The continuous monitoring is becoming ever more sophisticated and sensitive to change. It has been analysed by the passenger services business unit on a regular basis. We are literally keeping tabs on changes in the performance indicators on at least a monthly basis. I am more than happy for the opposition spokesman or, indeed, any member to receive a briefing on that and to receive that information as and when it becomes available. If the honourable member wants to follow that up, I will be happy to facilitate that for him. There is the capacity for constant finetuning. The member asked what triggers a change.

Hon Ken Travers: You can be monitoring it but at what point will that cause you to do something different?

Hon SIMON O'BRIEN: At what point does one intercede and change the settings? A number of minor changes have been made to various parts of this regulated industry since this statement was made but they are not all about variations to the arrangements described in this statement. The other key indicator that I use as a method of finetuning is the release of plates and trying to keep them in balance and in harmony. Over a period I have endeavoured to ensure that the needs of consumers are addressed by ensuring that we have the capacity to meet their needs while at the same time maintaining the delicate balance so we do not get an oversupply that causes a glut in the market, affects driver viability, drives down the value of conventionally owned plates and all the rest of it.

The member would be aware of some positive initiatives with multipurpose taxis. I will mention some of those that the member has perhaps not noted. Over a period I have authorised the re-release of 56 conventional lease plates and I have approved the release of 40 peak plates and 28 outer area plates. World War III has not erupted as these things have occurred. The reason for that, which I am sure Hon Ken Travers would appreciate, is the way that has been done. Rather than announcing the re-release and dolloping a big supply of plates on the market all at once and causing those distortions that I was just warning against, if we gradually trickle out the availability of plates—it takes a while to advertise, get applicants, allocate plates, give successful applicants time to purchase vehicles and get them kitted out, metered, signed and all the rest of it—we will have a gradual change in the capacity of our industry, the intention of which is to keep pace with acceptable levels of demand. We have made some other changes to provide different forms of stimulus.

The other thing that is a constant feature of taxi regulators in this town is that the total amount of available work follows a pattern that is repeated year after year; that is, demand varies greatly depending on the time of the year. It starts off in January, a holiday time that is quite depressed, and then it gradually grows. I ask members to imagine a graph. I have lots of graphs showing this. It shows a general upward trend quarter by quarter, reaching an absolute peak in the silly season and then we get to Christmas and New Year's Eve, which is the absolute peak of the peak of the peak.

Hon Ken Travers: I think that's called the pinnacle.

Hon SIMON O'BRIEN: After that, what happens?

Hon Ken Travers: It falls into an abyss.

Hon SIMON O'BRIEN: And the cycle starts again. We can explain it but that does not fit in very well with other indicators. The specific indicators that the member is asking about are the aspects of jobs not covered by number and percentage, time taken to respond and those other service indicators that the member is familiar with. As I have mentioned, we use a heap of other indicators.

Hon Ken Travers: Do you intend to release any plates this year? One of the issues has always been—it has been a criticism of both governments—that the release is often left too late but the best time to do it is about now so they can be in place for hitting the pinnacle and they are less noticed by other drivers.

Hon SIMON O'BRIEN: When it descends to that abyss, the numbers for that pinnacle are still there. There will always be a bit of an imbalance. The moral of the story is that if a cabbie wants some time off, the start of the year is the time to take it, bearing in mind that we require conventional cabs to be on the road 365 days a year. Those options are not available to everybody. Yes, I have been releasing plates and we are doing so now. We are doing it in a slow methodical several plates per month pattern so we do not get what I think the member was just alluding to having occurred over successive governments—this ridiculous feast or famine situation. In the famine no plates are released for years at a time, contrasting with the feast, where 150 plates are dumped onto the relatively small Perth market overnight, causing depression of values and that sort of thing. That is ongoing. However, there are still a few major things to do. If the member was going to ask me for things we have done in the sector, I have a list here but that is perhaps something for another day.

Hon Ken Travers: Going back to the optional peak operating hours trial, I understand that it is still a trial that keeps getting extended. When does the minister see it being put into some permanent framework?

Hon SIMON O'BRIEN: I understand what the member is saying. I do not have a problem if it continues indefinitely and if the indicators and the effectiveness of its analysis continue to justify it. There is something more fundamental on the horizon; that is, the work being done by the Taxi Industry Board, which I re-established last year. I hope it will be making some quite significant recommendations to government in the next few months, which will weigh very much on considerations and consultations with all stakeholders about the longer term future of the industry. At this stage I am more concerned about keeping an even keel and keeping things ticking over comfortably rather than making final decisions now that may ultimately be overturned in six months.

Hon KEN TRAVERS: I had only one other question that relates to all this. I am still not sure whether I understand it but I certainly understand the difficulties. What is the measure that the minister uses to test driver viability? Is it happening, and are new plates or these trials impacting on the sustainability for the drivers in economic terms? In my view, the key things are that the customers' needs have to be met, the taxi management companies that provide the physical infrastructure need to be getting a fair return and the drivers need to be getting a fair return. Has the minister established a mechanism for determining driver viability as part of monitoring this ongoing trial to ensure that it is not having an adverse impact upon the drivers' profitability and, therefore, their willingness to get out on the road?

Hon SIMON O'BRIEN: Putting to one side any theories that one might hold about market forces, there are two ways in a regulated environment in which we do what the member is asking about; one is the fare review. A mechanism was agreed with industry to commence that very important annual fare review because drivers are keenly awaiting it. That formula includes a range of indices about the costs associated with running a cab and everything that goes with it. Obviously, those components all cut directly to the question of driver viability. There is also another process that is a direct measure of driver viability. For the life of me, as sometimes happens when we are on our feet, I cannot think of the name of the process. An evaluation of taxi driver net income is carried out using funding made available through the Department of Transport from the taxi industry development account. Sometimes we forget the names of these things. I am sorry about that.

Hon Ken Travers: That's all right.

Hon SIMON O'BRIEN: I have described it properly. In relation to the former, I have been here just long enough now to find out that when the indices all point to a substantial fare increase, that news is cheered to the echo. When the indices point to no or very little fare increase, everyone says the system is broken. I have had the Taxi Industry Board put together a subcommittee that has been reviewing that process and it has found in favour of the process as a sound one.

In relation to the second method, there is an established method—I am not sure when it dates from—that has been going on since before my time. It is an inexact science whereby the consultant commissioned to do the review sometimes has at his disposal a very limited number of drivers prepared to participate. Frankly, I think in many cases the information that is forthcoming is less than a full disclosure of all the considerations they are trying to explore. They are the two tests of viability. The ultimate test of course is: do people take up the job; do they invest in cars; do they stay in the job; and do they make a living from it? I appreciate the opportunity to discuss these matters. We will have plenty of other opportunities. A heap of initiatives have been taken and there are more to come. I do not believe that the taxi industry has come anywhere near to evolving to its full potential or the outcome that all players would see as fully desirable. But we will keep working towards it.

Question put and passed.