

TAXI AMENDMENT REGULATIONS (NO. 3) 2011 — DISALLOWANCE

Motion

Resumed from an earlier stage of the sitting.

HON SIMON O'BRIEN (South Metropolitan — Minister for Finance) [5.03 pm]: I will respond on behalf of the government. I listened with interest to the remarks of Hon Ken Travers, in which he indicated that his primary intention, I think I can fairly say, was to use the disallowance debate as a vehicle to raise a number of issues that he sees regarding taxi regulation, and also to seek reassurance as to how the government will proceed if the provision is not disallowed.

He indicated that the purpose of that was that the opposition might well support the regulations and abandon the disallowance if it were satisfied on the points that he raised. I will endeavour to respond with those thoughts in mind. The Taxi Amendment Regulations (No. 3) 2011 were published in the *Government Gazette* of 5 August 2011. The operative provision is to delete “35%” and insert “45%” in regulation 4A pursuant to a regulation made under the head of power provided in section 16(10) of the Taxi Act 1994, which provides for a so-called relevant percentage. According to the act —

relevant percentage means —

- (a) 35%; or
- (b) if a higher percentage is prescribed by regulation, that percentage.

Indeed, that is what is proposed to be exercised on this occasion.

In April 2011 cabinet approved the government’s taxi action plan to improve availability, safety and standards in the taxi industry. The plan included the release of additional taxi plates to achieve industry performance targets and to ensure sufficient taxis to service community demand. The relevant percentage restricts the number of conventional taxi lease plates that may be issued as a proportion of the conventional taxi fleet; that is set at 35 per cent and the proposal is that flexibility be allowed to increase that number to 45 per cent. The government asserts that that will provide for the gradual release of additional conventional lease taxi plates as community demand continues to increase and industry performance fails to meet its target levels.

The key industry performance indicator is known as “jobs not covered” or JNC. We heard a little about that from Hon Ken Travers. The JNC performance standard is one per cent for the peak period, Friday and Saturday nights, and 0.5 per cent for off peak, which is at all other times. The honourable member has indicated in the media, I understand, that the government threatens to flood the market with conventional taxi plates. I think he repeated that fear today.

Hon Ken Travers: Your minister was quoted on that statement in *The Sunday Times* on 10 April before I said anything.

Hon SIMON O'BRIEN: Quoted saying what?

Hon Ken Travers: I am not saying that I did not say it. Your government said that it was going to put the 300 plates out over the coming months.

Hon SIMON O'BRIEN: Here is a chance to correct what is occurring. I know a bit about the issue. Competing interests in the taxi sector have opposing and, it seems, irreconcilable points of view. Existing taxi conventional plate holders do not like to see the release of lease plates or indeed any plates because that takes away a portion of the work that is available for them and their cabs. Others aspiring to be taxi drivers want to see the release of lease plates because they can get into the industry a bit cheaper.

Others aspire to obtain a peak-period plate so that they can do taxidiving part time, and seek to do so at the busiest of times so that they get the maximum return for their time and effort and so on. Therefore we have this perpetual clash of views on the question of the release of plates, which in effect is the number of taxi vehicles that may be on the roads. In turn, the perception, which is generally correct, is that there is a direct correlation between the number of taxis on the roads, and performance from the point of view of the customer, particularly when expressed in terms of jobs not covered. Most of that is fairly straightforward and easy to understand.

With that background, I turn to what I think were the concerns expressed by some in the sector, and certainly by Hon Ken Travers. Although the increase in the relevant percentage will allow for an additional 300 conventional taxi plates, it is not the government’s intention to release these plates all at once. The decision to provide the capacity to release additional taxi plates represents prudent regulation of the taxi industry. Western Australia continues to experience strong economic growth as well as population growth. In this context, the capacity to expand the taxi fleet in Perth is an appropriate decision. The latest population information from the Australian Bureau of Statistics shows that Western Australia is by far the fastest growing state or territory in Australia.

Western Australia's growth rate was 2.2 per cent during the year ended 31 March 2011. By comparison, Australia's population grew by just 1.4 per cent in that period. The latest gross state product statistics also indicate strong economic growth, which in turn is relevant because it is generally an indicator of increased demand for taxi services. Indeed, in recent times there have been significant increases in demand for taxis during both peak and off-peak periods.

There has been a suggestion that service problems could be addressed without issuing conventional taxi plates but rather through the issue of peak, area-restricted and multipurpose taxi plates. However, this is not the case, as demonstrated by large increases in demand in the off-peak period. Additional conventional taxi plates are required, because there have been substantial increases in off-peak demand. Demand in the second quarter of 2011, which is the quarter when the announcement was made, increased in the off-peak period by 9.4 per cent.

Hon Ken Travers: Minister, do you know how much of that is between 4.00 am and 9.00 am, though? That is the problem with the government stats—they include 4.00 am to 9.00 am in the off-peak period.

Hon SIMON O'BRIEN: If I had that information to hand, I would obviously provide it, but I do not. I have a fair amount of notes, but do not have that amount of detail. I am sure it is available.

Hon Ken Travers: I think it is not, and that is the problem.

Hon SIMON O'BRIEN: I do not know. I cannot comment on that, and I am not sufficiently recent in this portfolio to be able to give the member the exact figure.

To go back to the discussion, demand in the second quarter of 2011 increased in the off-peak period by 9.4 per cent when compared with quarter two of 2010, a very significant increase indeed; by comparison, for the same period, demand in the peak period increased by 11.4 per cent, again a very large increase. The lack of additional conventional taxi plates is resulting in an increase in the level of jobs not covered, and impacting on the level of service provided to the community. Compared with the same quarter in 2010, jobs-not-covered performance—this is for the inner and middle, plus outer, suburbs combined—was worse in both the peak and off-peak periods. In the off-peak period, jobs-not-covered performance went from 0.78 per cent to 1.08 per cent. It does not sound like much, but in percentage terms it is a significant increase. In the peak period, jobs-not-covered performance went from 1.92 per cent, again, in the second quarter of 2010 to 2.94 per cent in the second quarter of 2011. Without the release of additional plates in a staged and carefully managed manner, the number of jobs not covered will continue to increase beyond acceptable levels. Restricting the supply of taxi plates is likely to result in service levels dropping even lower than current levels. The former government acknowledged the need to increase the relevant percentage and it was increased twice from the rate at which it was initially set—that is, from the initial 20 per cent to 30 per cent and then to 35 per cent. The relevant percentage has now been increased to 45 per cent, and the intention is to release plates in small lots of mixed-plate types each month at a rate that ensures increases in community demand and does not adversely affect performance standards. If and when the industry achieves its performance targets, no further plates will need to be released, and if industry performance data indicates an excess of plates, a reduction in plate numbers can be achieved through restraining issue and relying on attrition.

I acknowledge, again, the fact that these are matters that some people are very, very concerned about, and that has been reflected in political history in this state. In particular, as I observed when in opposition and then in my first couple of years in government, one of the enduring concerns of the taxidriver lobby has been the simultaneous release of a large number of plates; and terms such as “dumped on the market in large numbers” are employed. In those cases, there in fact did seem to be a disturbance in the natural equilibrium and people found that their viability changed dramatically overnight. I assure Hon Ken Travers that, commencing during my time as minister and continuing under the current Minister for Transport, the release of plates occurs in a staged way, engineered to give out only so many plates and a mix of types at a time—generally in single figures per month. It is a very staged, controlled release so as to not upset the very sensitive equilibrium in the industry. I hope that is a sufficient response for the member to enable him to not proceed with seeking to vote down these regulations. The government certainly will not support the disallowance.

Question put and negatived.