

**Bill introduced on motion by Ms Gladys Berejiklian, read a first time and printed.**

**Second Reading**

**Ms GLADYS BEREJIKLIAN** (Willoughby—Minister for Transport, and Minister for the Hunter) [4.03 p.m.]: I move:

That this bill be now read a second time.

The Passenger Transport Bill 2014 is the outcome of the first comprehensive review of passenger transport legislation since the Passenger Transport Act was enacted in 1990. In 24 years much has changed in the delivery of public transport. Transport legislation needs to enable the outcomes we want to achieve in a modern, flexible and integrated public transport network driven by the needs of our customers. In September 2012, Transport for NSW released a discussion paper calling for public submissions and feedback on how the Act could be improved. Since that time it has undertaken extensive consultation with industry and community organisations to ensure that all views were given careful consideration.

Approximately 50 submissions were received in response to the discussion paper. Transport for NSW then undertook further targeted consultations. This important piece of new legislation sets out the Government's response to the review of the 1990 Act, including the outcome of the feedback that was received. The bill makes a number of important policy changes to improve the regulation of services in order to deliver better outcomes for customers. At the end of the day it is about our customers. The key changes in the bill to the regulation of public passenger services include changes to the regulation of taxi networks and booking services. This will allow for the safe use of new app technologies so that customers have safer options to book a taxi. There will be caps on taxi fare surcharges that will initially see the surcharge halved and capped at 5 per cent, saving taxi customers money when they pay by credit card.

The bill seeks to improve the administration of operator accreditation. The bill introduces the concept of "close associates". This gives Roads and Maritime Services [RMS] the power to refuse an application for operator accreditation, or cancel an existing accreditation, where a close associate of the applicant previously held operator accreditation which had been cancelled because they were no longer a "fit and proper person". This is designed to prevent an operator whose own accreditation has been cancelled from continuing to run their business using a front person.

The bill appropriately recognises community transport for the first time. It acknowledges the crucial role community transport providers play in providing much-needed transport to the most vulnerable in the community. Every single member would appreciate the great work done by community transport and yet until now community transport was not recognised in

the Passenger Transport Act. The bill introduces and makes changes to service procurement to facilitate better overall service outcomes for customers rather than concentrating on mode-specific regulation for buses, trains and ferries. It allows for contracts with light rail and other new service modes. This reflects the need for us to think about transport in an integrated way and shows the old Act, which did not even mention light rail, to be completely outdated.

In addition, the bill strengthens the existing regulatory frameworks for air transport services and the safety and competency regimes for the delivery of public passenger services generally. It also simplifies and streamlines the Act and removes outdated restrictions and red tape, which have hampered the ability of government and transport providers for so long to provide delivery of an integrated network and promote innovative ways to improve the customer experience. There is no doubt that the new legislation is more customer focused. In place of the narrowly focused mode-specific approach of the 1990 Passenger Transport Act, this bill seeks to match the Government's new vision for transport by placing the customer at the centre of policy and decision-making.

The objects in the bill aim to facilitate the delivery of safe, reliable, efficient and integrated services that respond to customer needs. The bill is not structured around individual transport modes. It creates flexibility to accommodate new service models that emerge in response to customer demands and that will encourage greater innovation. The Government's Long Term Transport Master Plan, released in 2012 following extensive community consultation, highlighted the need to look at public transport not in terms of modes but in terms of an integrated network where all modes work together. The bill formalises this approach, which is industry best practice around the world.

As I have stated, the bill ensures changes to taxi network and booking services and supports fare surcharge regulation. There is no doubt taxis play an important role in the transport network. In April the Government announced a number of initiatives to make taxi services safer, more accessible and more affordable. This bill allows us to implement key policy announcements, including halving the typical surcharge on taxi fares paid by credit and debit cards from 10 per cent to 5 per cent, which will save customers \$2.50 on a \$50 fare. This is a real win for customers. For the first time, the bill provides for the use of innovative new smartphone taxi booking apps to improve customer choice and convenience.

Taxi customers have told us that they want more reliable taxis, particularly in peak periods, and part of increasing reliability means giving customers more power in the booking process. Taxi apps are a convenient way for customers to connect directly with a driver, but are not currently acknowledged by outdated transport laws. The bill modernises the Act by bringing these services into the regulatory framework. Under the bill taxi booking services, whether provided by the current network booking apps or other new market entrants, will be able to provide booking and related services to taxi customers.

To safeguard customers, taxi booking services will need to be accredited and meet the full range of customer service, privacy and safety standards that apply to existing booking

services provided by taxi networks. They will also need to ensure that a taxi used to provide a service is licensed and that the driver is authorised. Consistent with current practice, the bill makes it clear that Roads and Maritime Services may provide information about the currency of a taxi licence or a driver authority to booking service providers so that they can perform this important function. This puts beyond doubt the ability of RMS to provide this information, consistent with the requirements of privacy laws.

Taxi networks will continue to require accreditation, or "authorisation" as it is currently known, and networks will no longer be required to offer a booking service, but will be free to do so if they choose. Taxi operators will still need to be linked to a network, ensuring that important customer and driver safety services continue to be provided. However, there is no requirement for an operator to be part of a booking service nor are there limitations on the number of booking services to which an operator may belong. However, for wheelchair-accessible taxis, regulations can be made making it a condition of a taxi licence or operator accreditation for the taxi to be linked to any centralised booking service that has coverage of the taxi's licensed area of operation. These changes to the regulation of taxi networks and booking services will support innovation and competition in both markets.

Bringing new booking services into the regulatory framework provides regulatory certainty for taxi booking service providers and a level playing field for all industry participants. It will also mean that when using new, convenient booking technologies that are rising in popularity, customers can be sure that they are booking a licensed taxi, with an authorised driver who has been through the appropriate background checks and training. This will benefit customers and, at the same time, promote a taxi industry that is focused on better ways of providing services, helping to ensure its ongoing viability and sustainability in an increasingly competitive environment. Developments in recent years have shown that where an industry is not delivering what customers want, others will innovate to meet unmet demand. The taxi industry has been working with the Government to ensure that it provides feedback on this important process and the additional flexibility that this bill provides will assist it.

While the bill establishes the necessary framework for regulating networks and booking services, the detailed requirements that give the Act practical effect are established by the regulations. All the existing performance obligations and safety requirements will be maintained, with accountabilities assigned, as appropriate, to networks and booking services. There will be extensive ongoing consultation with industry and other stakeholders in making the new regulations that will support the new Act. As the bill means that new standards for taxi services, including networks and booking services, will be made under regulation, the outcome of this process will be subject to parliamentary oversight, providing an appropriate level of assurance to both industry and the community that the new regulations get the balance right and are in the public interest. The Government encourages innovation and competition, and the bill provides for new taxi booking services to be recognised and to operate services subject to meeting safety standards.

Other new services are emerging in the market, such as ride-sharing services. Transport for NSW is currently considering how these new services could be addressed. The bill will allow the Government to respond to the current investigations through regulation, although it does not deal with that specific issue. The level of regulation Government considers appropriate for ride-share services and whether third parties should be captured under the Act are substantial issues that the Government believes need to be worked through, including in consultation with industry and the community.

As mentioned, the bill will impose caps on taxi fare surcharges. The Government will halve the typical surcharge on taxi fares paid by credit and debit cards, from 10 per cent to 5 per cent, as I said, saving customers \$2.50 on a \$50 fare. That is a real win for customers. Under the Passenger Transport Act, and reflected in the bill, Transport for NSW may regulate remuneration in connection with taxi services. This provides Transport for NSW with the necessary power to regulate taxi surcharges into the future. The bill strengthens these powers, including by making it an offence to charge more than the regulated maximum taxi fare surcharge set by Transport for NSW.

As I said, to improve the administration of operator accreditation, the bill introduces the concept of "close associates" and gives Roads and Maritime Services the power to refuse an application for operator accreditation where a close associate of the applicant previously held operator accreditation that was cancelled because he or she was no longer a fit and proper person. RMS can also cancel an accreditation on the grounds of the operator's close associates. The aim is to prevent an operator whose own accreditation has been cancelled from being able to continue to run a business behind another person. Many examples of this were brought to my attention by members.

As I said, I am very pleased that for the first time community transport will receive the recognition that it deserves. This bill proposes a major and important change to recognise the important role that community transport plays in this State. The Liberal and Nationals Government has increased funding for the Community Transport Program by \$12 million over four years, demonstrating its commitment to these valuable services. As all members would be aware, community transport provides vital access to essential services, such as getting to the shops or attending doctor's appointments, for transport-disadvantaged members of our community. The demand for these services is likely to grow as the proportion of the population aged 65 and over continues to grow. This shift in demographics means the community transport sector needs to be supported so that it can respond to future increases in demand.

Changes as a result of reforms at the Federal level also mean that community transport needs to be able to position itself for the future. By defining community transport services that operate under a transport agreement with Transport for NSW as a public passenger service, the bill brings community transport into the operator accreditation framework. This will ensure that there are consistent and appropriate safety standards for services used by some of the most vulnerable members of our community. Having operator accreditation will also

allow these services to diversify and grow their businesses. I thank the community transport organisations and the peak body in particular for the feedback that they have offered the Government in this process. Drivers of community transport buses will also need driver authorisation under the new Act, although drivers for community transport services that use cars will continue to be covered by the Community Transport Driver Safety Framework, which is administered through the agreements between community transport operators and Transport for NSW.

While the bill covers only community transport services that operate under an agreement with Transport for NSW, we recognise that the Australian Government is considering changes to funding arrangements. The regulations will be able to accommodate any such changes. The proposal has broad support from the community transport sector. I again thank those involved for their ongoing feedback and consultation, and we will continue that dialogue. The Government has also set aside funds to assist smaller organisations with transition costs. Regulations will need to be made to give effect to arrangements for community transport operator accreditation and authorisation for community transport bus drivers will be the subject of consultation prior to commencement of the relevant provisions. The Government recognises that community transport operators will need time to get ready for the changes. Therefore, the timing for commencement will also be a matter for consideration.

As I foreshadowed, the bill will also ensure changes to service procurement to facilitate better service standards for our customers. The Passenger Transport Act contract provisions are overly complex and prescriptive. At the same time, they focus on individual modes of delivery such as buses, trains and ferries, rather than on achieving service outcomes for customers. Some services, like light rail, are not even covered because the bill has not been reviewed since 1990. The bill introduces a streamlined service contracting framework and replaces 31 provisions dealing with bus, ferry and rail contracts in the 1990 Act with just five for all types of public passenger services.

The bill establishes the necessary authority for Transport for NSW to enter into contracts for public passenger services regardless of the mode of delivery or the service model. As now, this will allow Transport for NSW to procure traditional services such as bus, train and ferry services, but it will also allow it to contract for light rail as well as new service models as they emerge. By removing the narrow focus on transport modes and models of service delivery, the bill creates the flexibility required to provide more customer-focused services. This will allow the Government to contract for the mix of services that best meet customer needs and improve service integration.

The bill also confirms that a contract may give an operator of timetabled bus, ferry or train services exclusive rights to provide the services. As well as dealing with service contracts, the new service procurement provisions in the bill bring the air transport licensing regime from the 1964 Air Transport Act into the Passenger Transport Act. It provides for Transport for NSW to issue commercial air transport operators with licences on routes declared by the Minister to be regulated and establishes a power for Transport for NSW to issue a temporary

licence for a regulated route, where there has been a service failure—regrettably, this happened in recent months. This means a temporary licence can be more easily issued to communities left isolated due to unforeseen issues related to the airline that holds the licence.

The bill also abolishes the defunct State Aviation Working Group—which last met around six years ago, I understand. As has been the practice since then, there will continue to be direct consultation with industry and local government on intrastate aviation issues. Many local councils have indicated that they prefer direct consultation on regional aviation issues affecting their communities—in recent months Transport for NSW has been dealing directly with regional communities through councils. The bill makes a number of changes aimed at reducing red tape and improving the administration of the regulatory regime for passenger services. The legislation that regulates passenger transport is overly complex. Governing provisions are set out in four Acts—the Passenger Transport Act, the Air Transport Act, the Transport Administration Act and the Independent Pricing and Regulatory Tribunal Act.

This bill brings together provisions relevant to the regulation of public passenger services—including fares and concessions and the air licensing regime—into a single instrument. As well as cutting down on the volume of the legislation, the bill is structurally simpler, making it easier to navigate. For example, provisions relating to the regulation of fares, concessions, subsidised travel schemes, and terms and conditions of travel have been located in a single part of the bill. Like the Independent Pricing and Regulatory Tribunal Act—under which the Premier may give the Independent Pricing and Regulatory Tribunal [IPART] powers to regulate prices by declaring a service to be a "Government monopoly service", the bill allows the Minister for Transport to make referrals to IPART, giving it the task of determining or recommending maximum fares. These referrals must be made with the Premier's approval, as Minister responsible for the Independent Pricing and Regulatory Tribunal Act.

As is the case now, the Government intends for IPART to continue to determine maximum fares for buses, trains and ferries. In addition, the bill includes a number of measures aimed directly at making it easier for industry to do business, as well as to improve administrative efficiency. The Passenger Transport Bill 2014 represents an important step forward in achieving improvements in the delivery of public transport in New South Wales and reflects the framework for a modern, integrated transport network. One reason we can deliver the services we deliver is that we recognised the need for reform when we came to government. This bill reflects reform initiatives we have taken and brings legislation in line with community attitudes to and customer needs for public transport.

This bill reflects the need for a simpler framework, which recognises innovations through technology whilst safeguarding and maintaining the interests of our customers. I know that every member of this place has an interest in issues raised in this bill as every member has an interest in ensuring that his or her constituents receive adequate customer service through improved public transport services as well as recognition of transport such as community transport, which to date has not received recognition. Based on extensive consultation and important changes brought forward by this legislation, I commend the bill to the House.

**Debate adjourned on motion by Dr Andrew McDonald and set down as an order of the day for a future day.**