

CONSULTATION PAPER

ON CHANGES TO REGULATIONS

FOR THE POINT-TO-POINT

TRANSPORT SECTOR



1. Preface

1.1. Singapore's land transport system is rapidly evolving as new technologies and business models provide commuters with alternative transport options. While public transport will continue to be the backbone of our land transport system as we aspire towards a car-lite Singapore, the point-to-point (P2P) sector plays an important role in meeting the diverse transport needs of Singaporeans.

1.2. The P2P sector in Singapore has evolved significantly over the last few years, with the entry of Private Hire Car (PHC) booking service operators and Third-Party Taxi Booking (TPB) service operators. Overall, both commuters and drivers have benefited from the development of the P2P sector. Commuters now experience more efficient matching of supply and demand, and drivers also have more choices on the operators they can drive for. The P2P sector continues to evolve rapidly, and provides shared transport options that are more efficient than privately-owned cars.

1.3. The P2P sector has two distinct types of services which are distinguished by the way drivers are matched to commuters. The first is street-hail, where commuters flag down an available taxi from the street. The second is ride-hail, where commuters can 'book' a taxi or PHC through smartphone applications, call booking hotlines, or via online platforms. Today, only taxi operators are allowed to provide street-hail services. The ride-hail space is more varied and includes PHC booking service operators, TPB service operators, as well as other companies that provide pre-booked chauffeured services.

1.4. P2P sector regulations have evolved to ensure that they meet Singaporeans' needs and our broader transport objectives, while taking into account industry developments. For example:

- a) 1998: Taxi fares were deregulated to allow taxi operators to set their own fares and be more responsive to market conditions.

- b) 2003: The taxi market was further liberalised to allow the entry of new operators to encourage competition. A taxi operator licensing framework together with a set of Quality of Service standards were introduced.
- c) 2013: The Taxi Availability (TA) framework was implemented introduced to ensure that taxis are readily available, especially during peak periods.
- d) 2015: A registration framework was introduced to give LTA regulatory oversight over TPB service operators, while providing the flexibility needed for innovation in the industry.
- e) 2017: Regulations to safeguard commuter interests were introduced with the advent of PHC booking service operators e.g. the requirement for PHC drivers to have a vocational licence, and for PHCs to have tamper-proof decals. PHC booking service operators are required to only despatch licensed and appropriately insured drivers and vehicles.

1.5. The P2P sector, which impacts a significant number of commuters and drivers, has undergone many changes over the last few years. Against this backdrop, the new regulatory framework that is being proposed for the P2P sector has three objectives:

- a) To maintain an open and contestable market by prohibiting driver exclusivity conditions;
- b) To provide sufficient regulatory oversight to protect the safety and interests of commuters and drivers; and
- c) Where appropriate, to streamline regulations to reduce business and regulatory costs.

1.6. Please submit written comments by **21 February 2019** through the form on REACH's portal, electronically via p2p_consultation@lta.gov.sg, or mail hardcopy to the following address:

Point-to-point Transport Services & Vocational Licence Division
Land Transport Authority of Singapore
10 Sin Ming Drive
Singapore 575701

1.7. Electronic submission is encouraged.

Please note that all submissions received may be published and attributed to the respective respondents unless they expressly request LTA not to do so. If respondents would like (i) their whole submission or part of it, or (ii) their identity, or both, to be kept confidential, please expressly state so in the submission to LTA. LTA also reserves the right not to publish any submission where LTA considers it not in the public interest to do so, such as where the submission appears to be libellous or offensive.

2. Ensuring an open and contestable P2P Sector

2.1. Operators today are allowed to offer exclusive contracts to drivers, which will prevent the drivers from driving for other operators. In the ride-hail space, such contracts can be used by large operators to protect the advantage they have due to network effects – ride-hail operators with large networks of drivers and cars attract more customers as they tend to have shorter waiting times. Operators with more customers in turn attract more drivers, as drivers will incur less idle time and en-route time given the higher chance of finding a customer nearby.

2.2. Such driver exclusivity arrangements are detrimental to commuters, drivers and the P2P industry as a whole. It could lead to market domination which reduces competition, and makes it harder for new operators to enter the market.

2.3. To maintain an open and contestable P2P sector, LTA intends to prohibit driver exclusivity arrangements for all parties in the market. Under the envisaged regime, operators will no longer be allowed to prevent their drivers from driving for other operators. This ensures that drivers especially those who prefer more flexibility and autonomy, are free to choose which operators to drive for, thus providing more options for drivers. LTA will make an exception for drivers who are employed by operators as employees, as employment provides greater job protection for drivers.

2.4. Prohibiting driver exclusivity arrangements will help ensure that the P2P sector stays open and contestable. This will allow new operators to enter the market more easily, and operators will compete on the quality of their product and service, rather than the number of exclusive drivers they have. This will ultimately benefit commuters, and allow competition to drive innovation and service improvements.

LTA seeks comments on the proposal to prohibit driver exclusivity arrangements to encourage market contestability.

3. New P2P Licensing Framework

Licensing of all P2P operators

3.1. Street-hail and ride-hail operators provide the same fundamental service of transporting commuters from point to point. LTA therefore proposes to license all P2P operators to protect commuters and drivers. In particular, all ride-hail operators, including PHC booking service operators and companies that provide pre-booked chauffeured services, will be licensed by LTA. This will also allow LTA to prohibit all operators from having driver exclusivity arrangements.

Licensing by service

3.2. The licensing requirements for street-hail and ride-hail operators will be different, due to the different ways in which the service is provided. For example, street-hail operators need to ensure that their vehicles have prominent livery (including a “taxi” sign) and have their metered fares displayed, so that commuters know which vehicles to flag down and how much they can expect to pay. LTA thus proposes to structure the new licensing framework based on the different types of services provided, i.e. street-hail and ride-hail services. This is different from today’s regulatory framework, where one set of regulations apply to taxi operators which provide both street-hail and ride-hail services, and there are no uniform regulations that apply to operators that purely provide ride-hail services.

3.3. The proposed new approach will streamline the regulatory approach for the P2P sector to reduce business and regulatory costs while ensuring that regulations are appropriate for the two types of services. LTA intends to introduce two types of licences in the proposed new framework, which will replace the existing Taxi Service Operator Licence and TPB Registration Certificate:

- a) Street-Hail Service Operator Licence (SSOL), which allows licensees to provide street-hail services. Similar to the taxi operator regulations today, SSOL licensees will have to own their vehicles and maintain a minimum

fleet size. LTA is also studying the possibility of lowering the minimum fleet size required.

- b) Ride-Hail Service Operator Licence (RSOL), which allows licensees to provide ride-hail services. Given the varying sizes of ride-hail operators, LTA intends to differentiate the tiers of licences by size. The smallest operators will be exempted from having to obtain a licence. All other ride-hail operators will be licensed, with the larger operators subject to more regulatory requirements.

3.4. LTA also intends to provide a regulatory sandbox, so that operators can experiment with new and innovative P2P services within a well-defined space and duration.

LTA seeks comments on:

- (a) The proposed licensing of all P2P operators; and**
(b) The proposal to have different licensing frameworks for street-hail and ride-hail operators.

4. A safe P2P sector for commuters with diverse needs

Meeting diverse commuter needs

4.1. The P2P sector provides safe and convenient transport options for families with young children, the elderly, and less-able bodied persons. We have some regulations in place today to facilitate this.

4.2. Today, the prevailing “child seat” requirement stipulates that car passengers under 1.35m in height must be properly secured by an approved child restraint or booster seat. Taxis are exempted because they can be street-hailed, and passengers are not able to inform the driver in advance if they require child seats. It is also not practical to expect taxis to be equipped with child seat(s) at all times as this will reduce the available boot space in taxis, inconveniencing those with luggage or bulky items. This is compounded by the fact that different types of child seats are required for

children of different age groups (see [Figure 1](#)). Today, the exemption does not apply to PHCs as they are pre-booked, which allows passengers to indicate upfront if they require child seats.

4.3. LTA has received mixed feedback on this issue. Some have called for child seats to be required in all P2P vehicles, including taxis, to ensure the safety of young children; others have pointed out that doing so will not be practical as taxis will then have to carry around multiple types of child seats to cater to families with many children of different age groups. We also note that new child seat models have been introduced in recent years, including highly compact and portable models for children above the age of one.

Figure 1: Type of child seats

No.	Type	Examples
1	Infant child seat/bassinet	
2	Child seats for up to 4 years old	
3	Booster seat for >4 years old	

4.4. There are currently other regulations to keep P2P services accessible to commuters with diverse needs. For example, all taxis are required to have sufficient boot space to carry a folded wheelchair. Taxi operators are also required to operate a call centre. While the demand for call bookings has fallen over time due to the

increasing popularity of mobile booking via smartphone applications, there could still be segments of commuters who continue to rely heavily on call booking services.

4.5. Regulations alone will not be sufficient. P2P operators need to play their part in anticipating the diverse needs of Singaporean commuters, and ensuring that their services cater to them. LTA will continue to work with the P2P operators on this.

LTA seeks comments on how the P2P sector can help meet the transport needs of different segments of the population. In addition, LTA seeks comments on:

- a) Whether call booking services are still important in the P2P sector;**
- b) Whether child seats should be required when families with young children take P2P vehicles for street-hail services and ride-hail services.**

Ensuring commuter safety

4.6. LTA intends to focus its regulations on ensuring commuter safety. We already have regulations to ensure that P2P drivers and vehicles are safe – drivers are required to obtain a vocational licence (e.g. a taxi driver must have a valid Taxi Driver's Vocational Licence), and vehicle owners must obtain the appropriate vehicle licence and insurance and, in the case of PHCs, affix their vehicles with tamper-proof decals.

4.7. In addition, the proposed new operator licensing framework aims to provide sufficient regulatory oversight to protect the safety and interests of commuters and drivers. Operators, regardless of whether they provide street-hail or ride-hail services, have a responsibility to keep commuters safe. Some of the safety-related regulations we intend to impose on operators include:

- a) Vocational Licence. Operators must ensure that drivers possess the appropriate vocational licence to drive;
- b) Licensed and insured vehicles. Operators must ensure that only adequately licensed and insured vehicles are used;

- c) Accidents and driver offences. Operators must play their part in reducing the occurrence of accidents and vocational licence offences, and ensure that drivers drive safely.

LTA seeks comments on the safety-related regulations for operators under the new licensing framework.

5. Conclusion

5.1. The P2P sector is an important part of our transport network. The choices we make today will have far-reaching consequences for the future. We seek your comments and suggestions on the proposed regulations for the P2P sector to help improve the P2P landscape and shape the transport network for future generations of Singaporean commuters.