



MEDIA RELEASE

SPAD UNVEILS PLAN TO UPLIFT TAXI INDUSTRY

Government approved reforms geared to regulate e-hailing and provide existing taxis with opportunities to remain sustainable in a new era of competition

KUALA LUMPUR, August 16 2016: The Cabinet approved Taxi Industry Transformation Programme (TITP) employs an inclusive and holistic approach to resolve long-standing structural issues besetting the industry by introducing industry-wide reforms to create a fair playing field that benefit drivers, operators and passengers.

Underpinned by four (4) key principles: leverage on technology, improve taxi drivers' income and welfare; improve taxi drivers' service quality and conduct and rationalise taxi fares, the TITP will comprise of eleven (11) programmes.

The reforms approved by the Government points to a clear way forward for the Malaysian taxi industry to evolve towards a more sustainable future by being responsive to market forces.

The roll-out of the TITP will see SPAD empowered by the Government to better streamline and regulate the taxi industry through the issuance of a single Drivers' Card. SPAD and the Road Transport Department (JPJ) will hold discussions to determine the way forward and are expected to make an announcement in the near term. At the same time, regulations will also be imposed on e-hailing companies and drivers to ensure that legitimate policy objectives like compulsory insurance coverage and safety requirements.

SPAD will also lift the freeze on the issuance of individual taxi licenses under the metered taxi class and hire cars (*kereta sewa*). In addition, the Government has approved a cash grant of RM5000 to help taxi drivers exiting the rental (*pajak*) model to purchase new cars.

Despite the challenges of rolling out the TITP that addresses competing dynamics within the taxi ecosystem, SPAD is optimistic that in the long run, the reforms will lead to a more viable and customer-friendly taxi industry.

SPAD is also working with related agencies towards reducing regulatory burden and cost where possible to create a more open taxi industry. For a start, SPAD will liberalise the vehicle model choice to enable taxi drivers to afford more competitively priced cars.

Listed below are details of the 11 programmes approved by the Government under the Taxi Transformation Programme (TITP) which will be rolled out by SPAD:

1. Regulating e-hailing as an intermediary service under the Akta Pengangkutan Awam Darat 2010 (APAD)

This will require amendment to the APAD Act 2010. Once passed in Parliament, it will be mandatory for companies that offer e-hailing services to be incorporated in Malaysia and all e-hailing drivers will be required to have a Drivers' Card issued by SPAD.



Vehicles providing e-hailing services will also be required to comply with compulsory road worthiness inspections. In the interim phase, all authorised e-hailing companies and drivers will be required to undergo a mandatory registration exercise with SPAD.

2. Issuance of Individual Licenses and Government Cash Grant for drivers exiting Pajak System

- i. For qualified applicants with a Malaysian citizenship, SPAD will issue individual taxi licenses under the metered taxi class and hire cars. Registration commences 1 September subject to eligibility criteria including being free of criminal records and offences under SPAD and JPJ
- ii. Qualified taxi drivers exiting the rental (*pajak*) system (under the metered and hired car class, will also receive a cash grant amounting to RM5,000 from the Government to help taxi drivers purchase a new vehicle)

3. Liberalise Vehicle Model for Taxis

Vehicle models for taxis will be liberalised to provide wider options for taxi license holders. Under this move, all vehicle brands and models which achieve a 3-star safety rating under the ASEAN *New Car Assessment Program* (NCAP) will be approved. This will help accelerate the replacement of ageing vehicles and more importantly reduce cost structure for taxi drivers and operators.

4. Standardise Taxi Rental Contracts With Statutory Contractual Terms

Amendment to the APAD is required to enable regulation on the proposed contractual terms which will be imposed on the Operator. Some of the proposed standardisation features include a rent-free day for PUSPAKOM inspection, annual and sick leave, first party vehicle insurance and deposit refund at the end of the contract. SPAD will regulate the enhanced and standardised leasing contracts and enforce adherence of the proposed mandatory terms by incorporating them into the Operator's Licence conditions.

5. Introduce Mandatory KPIs for Taxi Operators

To protect the interest and welfare of taxi drivers, SPAD will impose the following mandatory KPI's to taxi Operators:

Taxi Fleets will be required to be linked to a dispatcher (mobile application, in addition to phone bookings, web booking or radio booking) to expand and enhance access of taxi service and at the same time increase drivers' earning. In addition, Operators will be made responsible for the driver's minimum hours of operations, service, as well as fleet quality.

6. Impose stringent pre-screening processes

SPAD will improve Taxi Drivers Quality and Conduct by including a new set of stringent screening processes on taxi and e-hailing drivers. This will include health checks, criminal records, traffic offences and violations of SPADs Operating Licence conditions.

7. Increase Service Standards using Merit and Demerit System

SPAD will also work closely with JPJ to include a full list of offences for taxi drivers under the new Kejara Demerit Points System.



8. Rationalise metered fare structure

The fare structure for TEKS1M will be rationalised to apply the current budget fare. Existing TEKS1M fleets will have the option of remaining at the present fare structure until the expiry of the vehicle age limit.

Service	Flag fall	Distance	Time
TEKS1M (Existing)	RM 4	RM 0.30/200 m	RM 0.30/36 sec
TEKS1M (New)	RM 3	RM 0.25/200 m	RM 0.25/36 sec

9. Rationalise zonal fare

Zonal fare will be replaced by a distance based calculation to ensure consistency and fairness to taxi drivers at terminals and airports. Refer to table below for example:

	Current zonal fare (RM)	Post rationalisation (RM)
Bkt. Bintang/Pavillion/KLCC	74.30	85.50
Mid Valley/Bangsar	74.30	89.25
Bandar Utama	73.50	80.50
Putrajaya	64.20	51.80

10. Dynamic Fare for Metered taxi providing e-hailing services

Metered taxi licence drivers will have the flexibility of street hailing and e-hailing. They will have the option of applying a dynamic pricing structure which allows them to use the meter for street-hails and e-hailing fare should they provide e-hailing services.

11. Establish taxi driver's improvement program

To imbue a service culture, a Taxi Driver Accreditation Programme will be implemented encompassing four (4) modules including, taxi driver orientation programme, unleashing entrepreneurship in taxi drivers, treatment towards passengers and safety and maintenance. This mandatory training will be conducted by Training Providers appointed by SPAD.