

**Taxi Industry Review Group**

*Taxi Industry Act 1995* and  
luxury hire car legislation

Final Report

April 2000

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# 1 Executive summary

## 1.1 Terms of reference

This is the Final Report of the Taxi Industry Review Group, which was established as part of the Legislative Review Program (LRP) to undertake a regulatory impact assessment of the *Taxi Industry Act 1995* and luxury hire car legislation. In accordance with the Terms of Reference for the review, the Final Report includes:

- a summary of any public consultation undertaken;
- clear recommendations on the possible actions that can be taken by the Government, including retaining, amending or repealing the specific legislative restriction(s) on competition in question. Where retention or amendment is recommended, the report must include a clear demonstration of the benefit to the public;
- clear recommendations on any possible actions that can be taken by the Government in relation to the broader impact of the legislation on business; and
- an outline of any transitional arrangements which may be required under the recommended course of action and the rationale for these arrangements.

The Regulatory Impact Statement (RIS), incorporating amendments arising from the review of the public submissions, is the companion volume to this Final Report.

## 1.2 The Review Group

In May 1999, the Minister for Infrastructure, Energy and Resources and the Treasurer jointly determined that the Taxi Industry Review Group would consist of the following persons:

- Martin Rees (Chair), Partner, KPMG consulting;
- Jack Lane, Manager Passenger Transport Policy, Department of Infrastructure, Energy and Resources;
- Toby Green, President, Taxi Industry Association of Tasmania;
- Chris Lock, Director, Economic Policy, Department of Treasury and Finance; and
- Joan Rylah, Secretary, Taxi Industry Advisory Board.

On 1 September, Joan Rylah advised the Taxi Industry Review Group that she was resigning from the Review Group owing to time pressures of her work commitments.

The Final Report together with the RIS reflect the views of the Review Group as a whole and should not be taken to necessarily represent the views of the organisations represented by the members of the Group.

### 1.3 Summary of public submissions to the draft RIS

Submissions	Nos.
Taxi Industry	10#
Hire Car Industry	1
Taxi & Luxury Hire Car Industries	1*
Users/Other	3
Total	15

Note: # includes a verbal submission from the Taxi Industry Association of Tasmania

\* verbal submission from the Tasmanian Luxury Taxi, Hire Car & Limousine Association

The Review Group met separately with the Taxi Industry Association of Tasmania Ltd (TIAT) and the Tasmanian Luxury Taxi, Hire Car & Limousine Association (TLTHCLA). These meetings provided an opportunity for the Associations to formally respond to the draft RIS.

In addition to the public consultation process as part of the RIS, the Review Group also released a Discussion Paper in July 1999 for comment and conducted public hearings in Launceston, Burnie and Hobart in late August and early September 1999.

### 1.4 Summary of responses to the recommendations

The following provides a summary of the responses to each recommendation contained in the draft RIS. Most respondents chose not to respond directly to each separate recommendation, preferring to comment in general terms about what they perceived to be the effect on the industry and users arising from the proposed regulatory changes. Section 2.4 & 2.6 provide a general overview of the responses for each recommendation.

#### 1.4.1 Recommendations

Summary of recommendations – Taxis (Section 2 of the RIS).		Oppose
Intent and objectives	The <i>Taxi Industry Act</i> be amended to include the recommended intent together with supporting objectives	
Freight	That the provision restricting taxis from carrying no more than 50kg of freight be removed	1
New licence/new vehicle	That the restriction to use a new vehicle with a licence issued by the Transport Commission be removed	
Licensing	1.1 Perpetual licensing should be retained	1
	1.2 Taxi licence prices should be reviewed in each area	1
	1.3 Additional taxi licences should be made available in each area using a price basis	7
	1.4 There should be a mechanism to buy back licences at a discount to the assessed market value	3
	1.5 A 'multipurpose taxi' licence should be created	3
Taxi areas	2.1 Taxi areas should be retained	
	2.2 A Working Party should assess feasibility of amalgamating taxi areas	1

<b>Summary of recommendations – Taxis (Section 2 of the RIS).</b>		<b>Oppose</b>
Fares	3.1 The current system of set fares should be replaced with maximum fares	2
	3.2 For the rank & hail market: operators can discount below the maximum fare	3
	3.3 For the telephone booked market: fares can be negotiated below or above the maximum	2
	3.4 Contracts for taxi services may be negotiated on a commercial basis	
	3.5 Multiple hire be permitted	2
Standards for drivers	4.1 The current provisions for driver standards be retained	
Vehicle standards	5.1 The current provisions for vehicle standards in respect to safety and quality be retained	
	5.2 Vehicle age restrictions on entry be removed but restrictions on maximum age be retained at 8 years in urban areas and 10 years in rural areas	
Operating conduct	6.1 The current provision regarding operating conduct be retained	
	6.2 A Working Party should assess the feasibility of establishing an industry Code of Conduct that applies to the taxi and luxury hire car industries	

<b>Summary of recommendations – Luxury Hire Cars (Section 2.2 of the RIS)</b>		<b>Oppose</b>
Intent and objectives	The luxury hire car legislation be amended to include the recommended intent together with supporting objectives.	
Licensing	1.1 The \$5,000 licence fee be implemented	3
Mandatory accreditation	2.1 The mandatory accreditation scheme be adopted	
Vehicle standards	3.1 The vehicle standards in respect of safety and quality be adopted	2
	3.2 The vehicle standards be reviewed if it is found that the luxury hire car market undermines objective 3 (Luxury Hire Cars), to the extent that the objectives of the <i>Taxi Industry Act</i> are not being met	2
Operating conduct	4.1 The controls over driver conduct should be adopted	
Driver standards	5.1 The controls relating to driver standards be adopted	

The key points to note from the Review Group's consideration of the public submissions are:

- a number of respondents from the taxi industry opposed the recommended mechanism to make new taxi licences available. Respondents indicated they would prefer to see the number of licences based on a performance indicator such as a ratio of population or response times of taxis;

- a number of respondents opposed the recommended mechanism for the buyback of licences, in particular the recommendation to buyback licences at 15 per cent below the 'assessed market value';
- the recommendation to introduce multipurpose taxis licences did not provide sufficient detail;
- respondents from the taxi industry opposed the discounting of fares. Respondents suggested that allowing negotiation on fares would lead to disorderly market behaviour and compromise driver safety;
- a number of respondents from the taxi industry supported the development of a Code of Conduct that includes the taxi and luxury hire car industries;
- a number of respondents from the taxi industry were concerned that the introduction of luxury hire cars would undermine their industry;
- there was a low level of response to the review from users of taxis. This was the case throughout the public consultation process including response to the Discussion Paper and attendance at the public hearings; and
- the majority of respondents did not specifically address the recommendations, or appear to fully appreciate that the RIS was intended to focus on the restrictions of competition contained in the legislation. Consequently, a number of respondents expressed concern that the RIS and the review process more generally did not address other issues and reforms that they considered impact on the taxi and luxury hire car industry. The Review Group has not endeavoured to address such issues as part of the RIS process, but has recommended the establishment of a Working Party to progress these matters. The Terms of Reference for the Working Part is set out in Section 3.

Following consideration of submissions to the draft RIS and the Productivity Commission's report into the regulation of the taxi industry released in December 1999, the Review Group made a number of changes to the RIS. The Review Group felt that given the nature of the changes made to the draft RIS, it was appropriate to provide the TIAT and TLTHCLA the opportunity to comment on the revised RIS. Copies of the RIS were provided to these Associations in mid March 2000 and the comments they made are recorded in this report.

A summary of the changes to the recommendations is provided in Section 2.3 and 2.5.

## **1.5 Working Party matters for consideration**

The Review Group has recommended the establishment of a Working Party to consider a range of issues that have been put to the Review Group that are beyond the scope of the review. A detailed list of the issues to be addressed is provided in Section 3.

The Review Group considers that the Working Party should work to progressively implement its findings within a period of twelve months. The Review Group also believes the Working Party should give priority to addressing the issue of multipurpose taxis.

The matters to be addressed should include:

- review of the performance of changes to the Act;
- review of the role of radio rooms;
- the introduction of multipurpose taxis;

- specialist driver training for multipurpose taxis;
- the fare setting mechanism for taxis;
- the feasibility of amalgamating adjoining taxi areas with similar capped values of licences; and
- the development of a Code of Conduct for the taxi and luxury hire car industries.

## 2 Summary of public submissions

### 2.1 Overview

This section of the Final Report summarises the outcomes of the public submissions received in response to the RIS.

The Review Group received thirteen written and two verbal submissions.

### 2.2 Respondents

Respondents	
Mr R Greenberg	Taxi industry
Mr M Cripps	Taxi industry
Mr R Sproule	Users/Other
Mr M Brown	Taxi Industry
Ms M Ferguson	Users/Other
Mr M Long	Taxi industry
Mr K Hawke	Taxi industry
Mr D Salter	Taxi industry
Mrs C Meredith	Taxi industry
Mr T Meredith	Taxi industry
Mr R Goodluck	Taxi industry
Mr A Reardon	Hire Car Industry
Mr B Cotgrove	Users/Other
Taxi Industry Association of Tasmania	Taxi Industry
Tasmanian Luxury Taxi, Hire Car & Limousine Association	Taxi/Luxury Hire Car Industries



## 2.3 Summary of changes to the draft RIS – Taxis

The recommendations as contained in the draft RIS are set out in Appendix A.

Recommendations	Summary of changes
Intent of the Act	No change.
Objectives of the Act	No change.
Carriage of freight	No change.
New licence/new vehicle	No change.
Licensing	<ol style="list-style-type: none"> <li>1. The recommendation to retain perpetual licensing has been amended by proposing that the merits of retaining perpetual licensing should be reviewed if after two years there is no evidence of effective price and service competition in the provision of taxi services.</li> <li>2. The recommended process to review the capped value of licences in each area has been revised: The key elements of the revised process include: <ul style="list-style-type: none"> <li>▪ The term ‘capped value’ has been replaced by the term ‘assessed market value’;</li> <li>▪ The Valuer-General will be asked to review the market for taxi licences in each area as at 1 July 2000 excluding ‘goodwill’ associated with membership of a radio room; <ul style="list-style-type: none"> <li>▪ the assessed market value may be above or below the current capped value; and</li> <li>▪ the market value of taxi licences in each area be reviewed on a triennial basis and the ‘assessed market value’ be adjusted accordingly.</li> </ul> </li> </ul> <p>Recommendation 1.3 has been combined with 1.2 to ensure that the mechanism to make taxi licences available for issue follows the review of the ‘assessed market value’ of taxi licences for each area.</p> </li> <li>3. A new Recommendation 1.3 has been introduced, recommending that the Working Party review the role of radio rooms to consider whether they adequately promote competition for taxi services within areas and whether they can improve their capacity to respond to and adopt innovative practices and new technologies. This recommendation recognises the important role radio rooms play within the taxi industry and the market power a radio room may hold if it’s the only radio room in a taxi area.</li> <li>4. The recommendation to provide for the buyback of licences has been omitted and replaced with the recommendation that revenue from the sale of licences should be used for safety initiatives and ongoing programs to improve the taxi industry.</li> <li>5. The recommendation to regarding multipurpose taxi licences has been revised to recommend that the introduction of multipurpose taxis be considered by a Working Party as a matter of priority.</li> </ol>
Taxi areas	<ol style="list-style-type: none"> <li>1. No change.</li> </ol>

<b>Recommendations</b>	<b>Summary of changes</b>
	2. No change.
Fares	<ol style="list-style-type: none"> <li>1. No change.</li> <li>2. No change.</li> <li>3. The recommendation to permit negotiation of fares in the phone booked market has been amended by including a further condition on the negotiation of fares to prevent a taxi booking by phone being refused because a person seeking the booking is not prepared to pay above the maximum fare for a standard service.</li> <li>4. No change.</li> <li>5. The recommendation to permit multiple hire has been omitted and replaced with the recommendation that a Working Party consider alternative fare setting mechanisms.</li> </ol>
Standards for drivers	1. No change.
Vehicle standards	<ol style="list-style-type: none"> <li>1. No change.</li> <li>2. No change.</li> </ol>
Operating conduct	<ol style="list-style-type: none"> <li>1. No change.</li> <li>2. The recommendation that a Working Party assess the feasibility of establishing an industry Code of Conduct has been amended by recommending the Working Party proceed to revise and expand the Tasmanian Taxi Industry Association's Code of Conduct to encompass both taxi and luxury hire cars industries.</li> </ol>

## **2.4 Summary of responses to specific recommendations - Taxis**

### **2.4.1 Intent and objectives**

The proposed intent and objectives of the taxi legislation were included in the Discussion Paper released in July 1999. The Review Group revised the intent following the submissions received to the Discussion Paper.

The Review Group did not receive any comments regarding the revised intent and objectives as contained in the draft RIS.

### **2.4.2 Requirements regarding freight and the need for a new vehicle for a licence issued by the Transport Commission**

The Review Group considered that the restrictions on competition in relation to the 50 kilogram unaccompanied freight limit and the requirement for a new vehicle for a new taxi licence did not address the objectives of the legislation. There was support for both restrictions expressed in response to the Discussion Paper and the public hearings. One respondent to the draft RIS also opposed the removal of the requirement for a new vehicle on a new licence on the grounds that it improves overall vehicle quality of the taxi fleet.

The Review Group recommends both restrictions be removed from the legislation.

### 2.4.3 Licensing

Most respondents did not directly respond to this recommendation; however, it is clear there was strong support by the taxi industry for licensing as a mechanism to control the industry, to provide long term security for licence holders and to ensure public safety. One respondent suggested that the primary role of licensing is to ensure public safety and that to use licensing to restrict entry to the industry for other reasons could not be justified. Furthermore, this respondent suggested that to allow 'licensing', which has the role of regulatory control for public interest, to become a tradeable commodity appears to be an outcome outside the intention of the legislation.

Following the release of the draft RIS and consideration of the Productivity Commission's report on the regulation of the taxi industry, the Review Group recommends that the merits of perpetual licensing be reviewed if after two years there is no evidence of effective price and service competition in the provision of taxi services.

TIAT strongly support perpetual licensing and is supportive of the proposal to review, after two years, the merits of perpetual licensing following the introduction of proposed reforms.

#### *Proposed process to review the capped value of licences in each area*

There was little direct response to this recommendation. However, one respondent suggested that the term 'capped value' was inaccurate as it indicated a maximum or ceiling price whereas in the context of the proposed model the term in fact reflects a market price. The Review Group agreed that the term 'capped value' could be misleading and that the term 'assessed market value' is more appropriate.

The Review Group has made a number of changes to the model to determine the 'assessed market value' contained in the draft RIS. The key elements of the Review Group's revised recommendation include:

- the Valuer-General be asked to determine the market value of taxi licences in area as at 1 July 2000 excluding any 'goodwill' associated with membership of a radio room;
- the 'assessed market value' of a taxi licence may be above or below the current 'capped value'; and
- the value of taxi licences in each area to be reviewed on a triennial basis and adjusted accordingly.

The model differs from that presented in the draft RIS in following manner:

- the requirement that the 'assessed market value' is set at a level that is 5 per cent above the Valuer-General's valuation has been removed, so that the assessed market value is to be equal to the Valuer-General's valuation;
- the date on which the value be determined has been changed from 31 October 1999;
- the capped value no longer determines the minimum 'assessed market value'; and
- the 'assessed market value' is not adjusted annually by the Consumer Price Index.

TIAT is strongly opposed to the revised valuation process for taxi licences. In particular, TIAT does not believe that any 'goodwill' associated with membership of a radio room should be considered as a component to be separated in value of a taxi licence. The Association is also opposed to the recommendation to allow the valuation process to determine a licence value below the current capped value.

TIAT is concerned that the proposed valuation process could undermine the real value of taxi licences. The Association believes this would lead to an influx of new entrants to the industry because licences are made available below their 'real' market value.

### ***Proposed mechanism for the issue of taxi licences***

A number of respondents from the taxi industry were opposed to the recommended model for making taxi licences available and suggested that the number of licences should be based on a performance indicator such as taxi response times. Respondents argued that the proposed model would create an oversupply of taxis that will lead to increased bankruptcies and 'cutthroat' competition.

In contrast to the respondents from the taxi industry, a representative of users opposed the model on the grounds that it would unnecessarily constrain the number of taxis. It was suggested the primary reason for licensing taxis is to ensure public safety, which is not addressed by the proposed model.

TIAT also opposed this recommendation suggesting that new licences should be made available on the basis of need. The Association argued that the proposed mechanism will lead to an oversupply of taxis and result in a decrease in earnings to such an extent that the average hourly return to the driver could fall to around \$4.00. As a consequence, TIAT suggested that operators would be unable to attract drivers to the detriment of the industry.

The Review Group considered the opposition to the proposed model but concluded the 'assessed market value' model ultimately offers the best mechanism to allow the market to determine licence numbers.

In addition, TIAT suggested that recommendations 1.2 and 1.3 should be linked so that adjustment mechanisms to the 'assessed market value' of taxi licences in each area occurs prior to any taxi licences being made available by the Transport Commission. The Review Group agreed that it would be appropriate to link recommendations 1.2 and 1.3.

The Review Group recommends the revenue from the sale of licences should be used for safety initiatives and ongoing programs to improve the taxi industry.

### ***Review of the role of radio rooms***

The *Taxi Industry Act* does not regulate the operation of radio rooms and, as such, this aspect of the taxi industry was not considered as part of the review process. However, following further consideration of the changes proposed in the draft RJS, the Review Group felt that in an area where there is a single radio room, that radio room could effectively prevent new participants from entry into the industry by making it clear that new licensees will not be permitted to join the radio room. This would make entry more difficult because fares from telephone bookings account for more than half the total fares of the average taxi. Restricting new entrants from the industry would defeat the purpose of the proposed reforms.

The Review Group also noted that radio rooms contribute to the efficiency of the taxi industry through their role in connecting customers and taxis. Radio rooms also contribute to the quality of service by requiring minimum driver and vehicle standards of members.

The Review Group considers that radio rooms are ideally placed in the taxi market to promote competition in respect to prices and quality. As such the Review Group considers that radio rooms will be pivotal to the delivery of the benefits of the proposed reforms.

Given the role radio rooms are likely to lead in delivering benefits of greater competition and the significant market position they hold, the Review Group concluded that a Working Party should review the role of radio rooms and their capacity to promote competition on both fares and services.

TIAT indicated they see radio rooms as being integral to efficiency of the taxi industry and support the proposal for a Working Party to consider the role of radio rooms.

### ***Proposed mechanism for buying back licences***

A number of respondents opposed this recommendation and suggested that buyback should reflect the current market value of the licence and not be set at 15 per cent below this price. TIAT also rejected the proposal for buyback of taxi licences at 15 per cent below the assessed market value.

The Review Group considered the recommendation to buyback taxi licences at 15 per cent below the 'assessed market value' be removed from the RIS. The Group felt that it is more appropriate to allow the market to determine the price of taxi licences to be consistent with the proposed mechanism to make licences available. New entrants will have the opportunity to purchase a licence from the Transport Commission at the 'assessed market value' or from within the industry.

The Review Group considers that it is not the responsibility of the Government to provide financial support to those licensees who wish to leave the industry by purchasing the licence at a price above the market licence price.

TIAT is strongly opposed to removal of the provision for the buyback of licences by the Transport Commission. TIAT believes that a buyback, based on the capped value, is required as a mechanism to balance supply and demand. TIAT suggest that the buyback permits taxi operators to leave the industry when demand is low and as a consequence a licence is removed from the area leaving the remaining 'pool' of work to be shared amongst the remaining operators.

### ***A 'multipurpose taxis licence' should be created***

The Review Group considered the responses to this recommendation and felt that it was necessary to provide a more detailed recommendation for the introduction of multipurpose taxi licences in Tasmania. The Group felt that a simple discount of the taxi licence, as recommended in the draft RIS, would not provide sufficient incentive in all taxi areas, as there is wide variation in licence price yet the fixed costs of purchasing and operating a 'multipurpose' taxis are constant.

TIAT agree there is a need to resolve how multipurpose taxis should be introduced but believe that a proposal for their introduction be developed by a Working Party rather than by the Review Group. The Association believes that without appropriate controls over vehicle standards and the operation of multipurpose taxis there is a potential that these vehicles could operate as standard taxis and undermine existing operators.

The Review Group recommends that multipurpose taxis be introduced and that a Working Party should investigate and develop a proposal to introduce these types of taxis as a matter of priority. As a guide, the Review Group believes that multipurpose taxi licences could be made available on a lease basis for defined period of time and for an appropriate fee so as to provide the incentive and certainty to encourage operators to invest in suitable vehicles.

## **2.4.4 Taxi areas**

Respondents generally supported the retention of taxi areas. However, one respondent questioned the need for the proposed Working Party to consider the feasibility of amalgamating taxi areas.

The Review Group has not amended the recommendations regarding taxi areas.

### 2.4.5 Fares

Although there was only limited direct response to the recommendation to replace absolute fares with maximum fares and to establish rules on discounting on fares in the rank and hail, and the phone booked market, it is clear that the taxi industry as a whole is opposed to negotiation of fares and would prefer that the current method of setting absolute fares be retained.

Those respondents who opposed this recommendation suggested discounting would lead to disorderly conduct, especially on the ranks where customers and drivers would haggle over fares. There was also concern that this recommendation would reduce driver wages, as drivers would be forced to discount fares in order to obtain work.

TIAT also opposed this recommendation suggesting there is little capacity to lower fares and that discounting on fares could lead to a situation where the taxi-meter became irrelevant. The Association considers the metered fare to be critical for orderly market behaviour and that driver safety could be compromised if there was an expectation that the metered fare could be discounted. Against this the Review Group is aware that discounting may presently occur and that the recommended changes remove its illegality.

The Review Group considered the proposed rules that would apply to fares and consider they would prevent disorderly market behaviour from occurring.

The key features include:

- the taxi meter would always display the maximum fare to the customer;
- a taxi driver who offers a discount fare would need to clearly display the details on a sign visible from outside the vehicle; and
- the customer would always be able to opt for the maximum regulated fare.

In the phone market, where the Review Group considers the customer has the ability to 'shop around', a taxi operator would have the option of negotiating a lower fare or a higher fare in return for a premium service. The Review Group, however, noted that the ability to negotiate fares above the maximum for a phone booked service provides an opportunity for radio rooms to exert a market advantage and negotiate higher fares especially at times of peak demand. For this reason, the Review Group has recommended that a fare booked through the telephone must not be refused solely because the person seeking the booking is not prepared to pay above the regulated maximum fare for a standard level of service.

### 2.4.6 Driver standards

Respondents supported the recommendation to retain the current driver standards; however, one respondent was concerned that drivers are permitted to commence employment pending the completion of the training course. Another respondent, representing users, suggested that there should be an accreditation program dealing with service standards.

The Review Group has not amended the recommendations regarding driver standards.

### 2.4.7 Vehicle standards

Respondents supported the recommendation to retain the current vehicle standards for taxis; however, several respondents were concerned that the standards were not being enforced on-road. It was

suggested that some taxi operators had little regard for vehicle safety and quality other than to pass the compulsory six monthly inspections.

TIAT is opposed to the recommendation to remove the minimum age requirements for taxis (currently vehicles must be less than two years old when they are first used as taxis). The Association is concerned the removal of minimum age requirements will lead to an increase in the average of taxis which will have a detrimental effect on the quality of taxis in general.

The Review Group has not amended the recommendations regarding vehicle standards.

#### **2.4.8 Operating conduct**

Respondents supported the recommendation to retain the current controls over the operating conduct for taxis. One respondent saw a role for the industry Code of Conduct to ensure taxi operators are responsible for their driver's occupational health and safety.

The Review Group felt that the development of a Code of Conduct that encompasses both industries was important given the concern many respondents expressed regarding the potential for competition between the luxury hire car and taxi industries. The Group agreed that the recommendation 6.2 should be amended so that the Working Party develop a Code of Conduct rather than considering the feasibility of establishing one.

## 2.5 Summary of changes to the RIS – Luxury Hire Cars

The recommendations as contained in the draft RIS are set out in Appendix A.

Recommendations	Summary of changes
Intent of the Act	No change.
Objectives of the Act	No change.
Licensing	1. No change.
Mandatory accreditation	1. No change.
Vehicle standards	1. No change. 2. No change.
Operating conduct	1. The recommendation that a Working Party assess the feasibility of establishing an industry Code of Conduct has been amended by recommending the Working Party proceed to revise and expand the Tasmanian Taxi Industry Association's Code of Conduct to encompass both taxi and luxury hire cars industries.
Driver standards	1. No change.

## 2.6 Responses to specific recommendations - Luxury Hire Cars

### 2.6.1 Intent and objectives

The proposed intent and objectives of the luxury hire car legislation were included in the Discussion Paper released in July and were generally supported by respondents.

The Review Group did not receive any comments regarding the revised intent and objectives as contained in the draft RIS.

### 2.6.2 Licensing

It was clear that respondents support the licensing of luxury hire cars. Those who opposed this recommendation did so on the grounds that the \$5,000 licence fee is too low.

Respondents from the taxi industry felt that a higher licence fee is required as mechanism to separate the two industries and to ensure that the luxury hire car industry does not undermine the taxi industry.

The Review Group noted that under its Terms of Reference it is bound to consider only less restrictive alternatives. However, in responding to the concerns respondents had regarding the potential hiring activity of the luxury hire car industry, the Review Group felt that the appropriate mechanism to achieve this is a review of the schedule of vehicles that are eligible to be used as luxury hire cars.

The Review Group has not amended the recommendations regarding licensing of luxury hire cars.

### 2.6.3 Mandatory accreditation

While there was only one direct response to the recommendation to require mandatory accreditation it was clear that, in general, respondents believed it was important that the luxury hire car industry provides a premium level of service.



The Review Group has not amended the recommendations regarding mandatory accreditation.

#### **2.6.4 Vehicle standards.**

Respondents who opposed this recommendation felt that the proposed schedule of vehicle eligible to be used as luxury hire cars should be of a higher standard. One respondent questioned the effectiveness of the recommendation to review the schedule of vehicles once the luxury hire car industry became established.

The Review Group has not amended the recommendations regarding vehicle standards.

#### **2.6.5 Operating conduct**

In general, respondents supported the recommendation regarding the operating conduct of drivers. Respondents from the taxi industry were concerned about competition between the two industries and potential for disorderly market behaviour to occur as a result.

As discussed above in Section 2.4.8, the Review Group felt that given the concern many respondents expressed regarding the potential for competition between the luxury hire car and taxi industries that the development of a Code of Conduct to encompass both industries was important. The Group agreed that the recommendation regarding operating conduct should be amended so that the Working Party should develop a Code of Conduct rather than considering the feasibility of establishing one.

#### **2.6.6 Driver standards**

The Review Group has not amended the recommendations regarding vehicle standards.

## 3 Working Party matters to address

### 3.1 Introduction

Throughout the review process, a range of issues were raised that were, in the opinion of the Review Group, beyond the Terms of Reference for the RIS.

The Review Group recommended in the RIS that a Working Party be formed to Report to the Secretary of the Department of Infrastructure, Energy and Resources to consider a number of matters that have been presented to the Review Group in the course of the review.

The following section outlines the range of matters to be addressed. This has been compiled throughout the review process, and many have been identified in submission received by the Review Group.

### 3.2 Matters to address

- **Review of changes to the Act:** a review of the performance of changes to the Act should be conducted after two years. In particular the Working Party should consider whether there has been effective price and service competition in the provision of taxi services, following the partial deregulation of fares and the revised arrangements for issuing new licences. If it is found that there has not been effective competition, the merits of perpetual licensing should be reviewed, taking into account experience in other jurisdictions.
- **Radio rooms:** the Review Group noted the important role radio rooms play in the taxi industry, both in the larger areas and in cases where there is only a single radio room in an area. The Working Party should review the role of radio rooms to consider whether they adequately promote competition for taxi services within areas and whether they can improve their capacity to respond to and adopt innovative practices and new technologies.
- **Multipurpose taxis:** a need has been identified to introduce multipurpose taxis. The Review Group recommends that multipurpose taxis be introduced and that a Working Party consider this matter as a priority. As a guide, the Review Group considers multipurpose taxis licences could be made available on a lease basis for a defined period and the leasee be accredited. Under this approach, the Review Group considers the Working Party should be responsible for developing an accreditation agreement, which addresses the following key issues: minimum vehicle quality, how priority can be given to people in wheelchairs, and minimum vehicle availability. The Working Party will also need to consider the ongoing status of Special Purpose Cabs as the taxi style work they currently undertake would be replaced by multipurpose taxis.
- **Specialist driver training for multipurpose taxis:** if multipurpose taxis are introduced there may be a need for drivers to undertake additional specialist training.
- **The fare setting mechanism:** the current arrangements are slow to respond to changes in industry costs, which can adversely impact the viability of the industry. Some operators have called for greater involvement by the Taxi Industry Association of Tasmania in the fare setting process. Others have suggested that fares should be set by an independent government body rather than by the Department.

- Taxi areas: the feasibility of amalgamating adjoining taxi areas with similar capped values of licences.
- An industry Code of Conduct: to promote orderly market behaviour, an industry Code of Conduct be developed for all drivers and operators in the taxi and luxury hire car industries.

## APPENDIX A – Summary of draft RIS recommendations

### Draft RIS recommendations - Taxis

Restriction	Summary of recommendations - Taxis	Ref.
Intent of the Act	To ensure the provision of a safe, demand responsive, supplementary public transport system in all areas of Tasmania that adequately meets the needs of various groups in the community in an orderly and commercially viable manner.	4.2.1
Objectives of the Act	<ol style="list-style-type: none"> <li>1 Ensure safe operating conditions for passengers and drivers.</li> <li>2 Ensure appropriate minimum quality standards in the taxi industry.</li> <li>3 Ensure the availability of adequate standard taxi services at reasonable prices.</li> <li>4 Enable variation in taxi services to meet community demands at prices determined by market forces.</li> </ol>	4.2.1
Carriage of freight	The legislative provision relating to the requirement to carry no more than 50 kilograms of unaccompanied freight be removed	5.5
New licence/new vehicle	The requirement to use a new vehicle with a licence issued by the Transport Commission be removed.	5.5
1. Licensing (Section 6.2)	<ol style="list-style-type: none"> <li>1. Perpetual licensing should be retained.</li> <li>2. A process should be undertaken to review capped licence prices in each area as follows: <ul style="list-style-type: none"> <li>■ the Valuer-General be asked to review the market value as at 31 October 1999 for taxi licences in each area;</li> <li>■ where the Valuer-General concludes that the market value as at 31 October 1999 exceeds the current capped price, the capped price in legislation be adjusted to the Valuer-General's valuation plus an additional five per cent; and</li> <li>■ the capped price for each area be adjusted annually in line with movement in the Consumer Price Index.</li> </ul> </li> <li>3. The mechanism for the issue of taxi licences should be as follows: <ul style="list-style-type: none"> <li>■ every year the Transport Commission shall call for tenders for taxi licences in each area and the number of licences made available shall be either five per cent of the number of licences in that area (rounded up or down to the nearest whole number) or one, whichever is the greater;</li> <li>■ the minimum acceptable tender price will be the capped price;</li> <li>■ if, in an area, the average tender price exceeds the capped price by more than 10 per cent and all licences are sold in any area a further tender may be called by the Commission (the number of</li> </ul> </li> </ol>	6.2.5

Restriction	Summary of recommendations - Taxis	Ref.
	<p>licences to be made available calculated as above); and</p> <ul style="list-style-type: none"> <li>■ any unsold licences from a tender will remain available for sale at the capped price by application prior to the next tender.</li> </ul> <p>4. At any time licensees may offer to sell licences to the Commission at a maximum price of 15 per cent below the capped price, subject to sufficient funds in the area fund.</p> <p>5. Multipurpose taxi licences be created at a suitable discount price.</p>	
2. Taxi areas (Section 6.3)	<p>1. Taxi areas be retained.</p> <p>2. A Working Party conduct an assessment of the feasibility of amalgamating adjoining taxi areas with similar capped prices and make recommendations to the Secretary of the Department.</p>	6.3.4
3. Fares (Section 6.4)	<p>1. Replace the current system of set fares with regulated maximum fares.</p> <p>2. For the rank and hail market:</p> <ul style="list-style-type: none"> <li>■ taxi-meter must be set at the regulated maximum fares;</li> <li>■ discount fares below the maximum fare may be offered; and</li> <li>■ any discount available should be advertised on a sign legible from the outside of the taxi.</li> </ul> <p>3. For the telephone booked market:</p> <ul style="list-style-type: none"> <li>■ an individual licensee or group of licensees be able to negotiate fares below or above the maximum fare; and</li> <li>■ unless agreed otherwise, the fare for a taxi booked through the telephone is the regulated maximum fare.</li> </ul> <p>4. Contracts may be negotiated on a commercial basis between a licensee or group of licensees and users (individual or corporate) without the approval of, or lodgement with, the Commission.</p> <p>5. Multiple hire be permitted but not mandatory.</p>	6.5.5
4. Standards for drivers (Section 6.5)	1. The current regulatory provisions should be retained.	6.4.5
5. Vehicle standards (Section 6.6)	<p>1. Standards in respect of safety and quality should remain unchanged.</p> <p>2. Vehicle age restrictions on entry be removed but the restrictions on the maximum age that a vehicle can be used as a taxi be retained at</p>	6.6.5

Restriction	Summary of recommendations - Taxis	Ref.
	8 years in urban areas and 10 years in rural areas.	
6. Operating conduct (Section 6.7)	<ol style="list-style-type: none"> <li data-bbox="413 304 1283 376">1. Restrictions on operating conduct continue to be enforced through legislation.</li> <li data-bbox="413 412 1283 580">2. A Working Party should assess the feasibility of establishing an industry Code of Conduct that applies to the taxi and luxury hire car industries to regulate operating conduct in the future and make recommendations to the Secretary of the Department.</li> </ol>	6.7.4

## Draft RIS recommendations – Luxury Hire Cars

Restriction	Summary of recommendations – Luxury Hire Cars	Ref
Intent of the Act	To ensure the provision of a safe, high quality personal hire transport system.	4.3.1
Objectives of the Act	<ol style="list-style-type: none"> <li>1. Ensure safe operating conditions for passengers and drivers.</li> <li>2. Ensure appropriate minimum quality standards in the luxury hire car industry at a premium to standard taxis.</li> <li>3. Clarify the respective roles of taxis and luxury hire cars.</li> </ol>	4.3.1
1 Licensing	1 The proposed licence fee of \$5,000 be implemented.	7.2.4
2 Mandatory accreditation	1 The proposed mandatory accreditation scheme be adopted.	7.3.4
3 Vehicle standards	<ol style="list-style-type: none"> <li>1 The proposed vehicle standards in respect of safety and quality be adopted.</li> <li>2 The proposed schedule of vehicles suitable for use as luxury hire cars should also remain unchanged but if the Department finds that hiring activity in the luxury hire car market undermines Objective 3 above, to the extent that the objectives of the <i>Taxi Industry Act</i> are not being adequately met, the Department should review the schedule for vehicles eligible to be luxury hire cars (including their maximum age) and make recommendations to the Minister that restore an appropriate separation between the luxury hire car industry and the taxi industry.</li> </ol>	7.4.4
4 Operating conduct of drivers	1 The proposed controls over driver conduct should remain unchanged. As noted above, the Review Group recommends the Working Party assess the feasibility of establishing an industry Code of Conduct that applies to the taxi and luxury hire car industries to regulate operating conduct in the future and make recommendations to the Secretary of the Department.	7.5.4
5 Driver standards	1 The proposed controls relating to driver standards be adopted.	7.6.4