

Review of the  
*Taxi and Luxury Hire Car Industries Act 1995*

**Paper 9 – Review of Perpetual Licensing**

Department of Infrastructure, Energy and Resources

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*This is the ninth in a series of discussion papers to be produced by the Department of Infrastructure, Energy and Resources about the taxi industry.*

*These papers will address issues that were identified during the work of the Taxi Industry Review Group established in 1999 to review Tasmania's taxi legislation, as well as issues of ongoing interest.*

*The purpose of these papers is to seek input on these issues from members of the taxi industry, through the Taxi Industry Reference Group, and other interested stakeholders.*

*The issues in this paper are presented for discussion and do not represent Government policy.*

*The work of the Reference Group and the input from stakeholders will contribute to a process of rewriting the Taxi and Luxury Hire Car Industries Act 1995 and making new regulations to*

*replace the Taxi Industry Regulations 1996 and the Taxi Industry (Taxi Areas) Regulations 1996, proposed for 2007.*

<b>1. INTRODUCTION</b>	<b>6</b>
<b>2.1. ROLE OF GOVERNMENT</b>	<b>8</b>
<b>2.2. TAXI AND LUXURY HIRE CAR INDUSTRIES ACT 1995</b>	<b>9</b>
2.2.1. NCP REVIEW	9
2.2.2. TAXI AND LUXURY HIRE CAR INDUSTRIES AMENDMENT ACT 2003	10
<b>2.3. REPORTS ON TAXI INDUSTRY REFORM</b>	<b>12</b>
2.3.1. PRODUCTIVITY COMMISSION	12
<b>2.4. NATIONAL COMPETITION COUNCIL</b>	<b>18</b>
<b>2.5. NCP IN OTHER JURISDICTIONS</b>	<b>19</b>
2.5.1. NEW SOUTH WALES	19
2.5.2. VICTORIA	21
2.5.3. QUEENSLAND	23
2.5.4. SOUTH AUSTRALIA	25
2.5.5. WESTERN AUSTRALIA	27
2.5.6. NORTHERN TERRITORY	29
2.5.7. AUSTRALIAN CAPITAL TERRITORY	31
<b>2.6. CURRENT SITUATION</b>	<b>33</b>
2.6.1. NEW LICENCES ISSUED	33
2.6.2. VALUATION OF LICENCES	35
2.6.3. UPTAKE OF DISCOUNT FARES	36
<b>3. ISSUES</b>	<b>39</b>
<b>3.1. ISSUES FOR CONSIDERATION</b>	<b>39</b>
<b>3.2. LICENCE VALUES</b>	<b>39</b>
3.2.1. TIMING OF VALUATIONS	40
3.2.2. FREQUENCY OF VALUATIONS	40
3.2.3. LICENCE VALUES IN NON-METROPOLITAN AREAS	42
3.2.4. QUESTIONS	48
<b>3.3. OWNERSHIP AND LEASING OF PERPETUAL LICENCES</b>	<b>49</b>
3.3.1. LICENCE OWNERSHIP	49
3.3.2. CONDITIONS ON LICENCES	54
3.3.3. LEASING	55
3.3.4. REGULATION OF LEASES	60

3.3.5. QUESTIONS	61
<b>3.4. OPERATION OF PERPETUAL TAXI LICENCES</b>	<b>62</b>
3.4.1. REQUIREMENT TO OPERATE A LICENCE	63
3.4.2. LEVEL OF OPERATION	64
3.4.3. QUESTIONS	65
<b>4. FURTHER INFORMATION</b>	<b>67</b>

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## **APPENDICES**

APPENDIX 1: GLOSSARY OF TERMS	71
APPENDIX 2: RESOURCES	72

## 1. Introduction

This paper is one of a series of discussion papers addressing issues that were identified during the work of the Taxi Industry Review Group, which was established in 1999 to review Tasmania's taxi legislation, and other issues of ongoing interest.

The major reason for the 1999 review was the State Government's obligations under National Competition Policy (NCP) agreements, signed by all States and Territories and the Commonwealth Government, to review and, where appropriate, reform legislation that placed restrictions on competition.

Recommendations from the Review Group resulted in the development of the *Taxi and Luxury Hire Car Industries Amendment Act 2003*, which was enacted in December 2003. The major features of the legislation included the requirement for new perpetual taxi licences to be made available every year, and the introduction of wheelchair accessible taxis (WATs). These provisions were introduced to fulfil the Government's obligations under (NCP) and under Commonwealth disability discrimination legislation.

During the review several issues were identified that were outside the scope of the Review Group's Terms of Reference. These issues were to be addressed after the commencement of the new Act.

The Department of Infrastructure, Energy and Resources (DIER) has established a Taxi Industry Reference Group to provide advice on a range of issues affecting the industry, including the outstanding issues identified by the Review Group. The Review Group recommended that a Working Party be established to consider the issues that required further work outside the Review<sup>1</sup>. The Reference Group will fulfil this role.

Initially the issues considered by the Reference Group will be those which will inform a process of rewriting the *Taxi and Luxury Hire Car Industries Act 1995*, the *Taxi Industry Regulations 1996* and the *Taxi Industry (Taxi Areas) Regulations 1996* proposed to be completed in 2007. Further information on the Reference Group's work can be found in [Section 4](#).

The Review Group also recommended that this working party review the performance of changes to the Act after two years, with a particular focus on the effect of the changes on price and service competition within the industry. However, DIER does not consider that it is possible

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<sup>1</sup> Taxi Industry Review Group: *Taxi Industry Act 1995 and luxury hire car legislation* Regulatory Impact Statement, April 2000, page 12.

to undertake such a review at this time. The major reason for this is that no new perpetual licences have been made available in the metropolitan areas since the new provisions were introduced, and only a small number of licences have been taken up in non-metropolitan areas. Likewise, the new provisions relating to taxi fares (discount fares and accredited taxi groups) have not been used by the industry to date. It is therefore not possible to assess whether the introduction of new perpetual licences and the introduction of new pricing arrangements has affected competition in the major areas of the industry.

While the review of the Act will examine the provisions of the existing legislation, the Government remains committed to assisting the taxi industry in its transition towards more market-based arrangements. This includes the release of additional standard perpetual taxi licences in non-metropolitan areas from 2007, pursuant to the Government's commitments under NCP, to enable the development of a competitive market that is not constrained by a static supply of licences. As this reform is yet to be fully tested, it cannot fall within the scope of this review. The effect of the release of new perpetual licences on price and service competition will be reviewed after an appropriate period.

However, there are several other matters relating to licensing that can be considered at this time. This discussion paper considers licensing issues that have been raised as being of concern, either by the taxi industry or by DIER, such as the timing of licence valuations, licensing in non-metropolitan areas and the operation of licences.

## 2. Background

### 2.1. Role of Government

The Productivity Commission has noted that taxis are an important complement to regular scheduled services provided by other forms of public transport, because of their 24-hours-a-day availability and capacity to provide door-to-door service, and that as such, are particularly important to less mobile groups such as the elderly and people with disabilities<sup>2</sup>. The Commission has further observed that:

'It is important that such services are efficiently provided, meet users' needs and are appropriately priced. There have been long-standing concerns that these objectives would not be fulfilled in the absence of government intervention. Consequently, governments in Australia, and in many other countries, have traditionally tightly regulated the provision of taxi (and hire car) services<sup>3</sup>.'

This is consistent with the Government's interest in the operation of the taxi industry as part of the passenger transport network insofar as it contributes to 'an effective internal and external transport and communications system that meets and responds to Tasmania's needs<sup>4</sup>'. To enable this, the Government regulates the industry through the Act and associated Regulations.

The Government regulates taxis primarily:

'to ensure the provision of a safe, demand-responsive, taxi transport system in Tasmania that adequately meets the needs of various groups in the community in an orderly and commercially viable manner<sup>5</sup>.'

This includes regulating in order to:

- (a) ensure safe operating conditions for passengers and drivers;
- (b) ensure appropriate minimum quality standards in the taxi industry;
- (c) ensure the availability of adequate standard taxi services at reasonable prices;  
and
- (d) enable variation in taxi services to meet community demands at prices determined by market forces<sup>6</sup>.

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<sup>2</sup> Productivity Commission: *Regulation of the Taxi Industry*, AusInfo, Canberra, 1999, page VII.

<sup>3</sup> *ibid.*

<sup>4</sup> *Tasmania Together*, Goal 1, Standard 3 (page 36).

<sup>5</sup> *Taxi and Luxury Hire Car Industries Act 1995* (Tas), Section 4(1).



## **2.2. Taxi and Luxury Hire Car Industries Act 1995<sup>7</sup>**

### **2.2.1. NCP review**

In 1999–2000 the Taxi Industry Review Group conducted a review of the legislation governing Tasmania's taxi and luxury hire car industries in relation to its compliance with NCP.

Under NCP agreements signed by all State and Territory Governments and the Commonwealth Government, the State Government was required to review and where appropriate, reform its legislation that placed restrictions on competition. The *Agreement to Implement National Competition Policy and Related Reforms* provided for competition payments to be made to the States and Territories conditional on them implementing the agreed reforms within agreed timeframes.

The Review Group comprised representatives from the taxi industry, government officials and an independent chair. The guiding principle for the review was that legislation should not restrict competition unless it could be demonstrated that:

- the benefits of the restriction to the community as a whole outweighed the costs; and
- the objectives of the legislation could only be achieved by restricting competition.

The review identified a number of restrictive provisions in the Act and assessed them against these guiding principles. After considering the issues, the Review Group either recommended that the provisions be either removed from the legislation or retained. For those that were retained, in some cases, less restrictive alternatives were proposed.

Those provisions that were assessed as neither being of net benefit to the public nor meeting the objectives of the Act were subsequently removed from the Act. These were: the requirement for a new vehicle to be used with a new taxi licence, and the provision restricting the carriage of unaccompanied freight weighing above 50 kilograms.

The Review Group considered that all other restrictions addressed the objects of the Act. They were also assessed as being of net benefit to the public, but in some cases, the Review Group recommended that less restrictive alternative could deliver the same benefit. For instance, it recommended replacing set taxi fares with regulated maximum fares and that provisions for registering discount fares be introduced. It also recommended that the Transport Commission's discretion regarding making new taxi licences available be removed so that new licences were

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<sup>6</sup> *ibid.*, Section 4(2).

<sup>7</sup> Taxi Industry Review Group: Review of Taxi and Luxury Hire Car Legislation in Tasmania, Discussion Paper, July 1999, page 14.

automatically made available every year. The Review Group recommended that provisions for driver standards and taxi areas be retained unchanged.

### **2.2.2. Taxi and Luxury Hire Car Industries Amendment Act 2003**

The recommendations of the Taxi Industry Review Group were largely reflected in the Amendment Act, which was passed by Parliament in December 2003.

The purpose of the amendments was twofold: to ensure that Tasmania's obligations under National Competition Policy were met, and to facilitate the industry's compliance with the Commonwealth *Disability Discrimination Act 1992* (DDA). The major features of the legislation included the requirement for new perpetual taxi licences to be made available every year, and the introduction of wheelchair accessible taxis (WATs).

As a result of the 2003 amendments, the Act requires the Transport Commission to make available a specified number of new perpetual taxi licences in all taxi areas every year<sup>8</sup>. This amendment removed the discretion that the Commission had under the previous legislation in relation to issuing new licences. In each taxi area the number of new licences to be made available each year is equivalent to five per cent of the number of licences currently on issue in that area, or one licence, whichever is the greater<sup>9</sup>.

The purpose of this amendment was to reduce the barriers to entry to the taxi industry, by providing new entrants with the opportunity to purchase new taxi licences from the Government, rather than having to purchase an existing licence from a licence owner.

Prior to the introduction of this amendment, the Government did not make new licences available on a regular basis, although they were available on application, and would be issued if there was deemed to be a need for a further licence in a particular taxi area, which occurred occasionally in the non-metropolitan areas. This meant that potential new participants, especially in the metropolitan market, could only enter the industry if they could either purchase or lease a licence from an existing licence holder. The result of this was that licences increased in value over time, and have been purchased as investment assets to be leased, as well as by people wishing to operate taxis.

The Valuer-General assesses licence values every three years<sup>10</sup>. The assessed market value (AMV) is the minimum price at which the Government can make new licences available<sup>11</sup>. The AMVs of taxi licences at 1 July 2003 range from \$1 000 in some rural areas to over \$80 000 in

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<sup>8</sup> Taxi and Luxury Hire Car Industries Act, Section 19(1).

<sup>9</sup> *ibid.*, Section 19(2).

<sup>10</sup> *ibid.*, Section 11.

<sup>11</sup> *ibid.*, Section 19(4).

Hobart<sup>12</sup>. Additional licences must be made available in a taxi area if the average tender price for licences in that area exceeds the AMV by more than ten per cent and all available licences in that area are sold<sup>13</sup>.

The Amendment Act provided for a two-year moratorium (in 2004 and 2005) on the issue of new perpetual taxi licences in the metropolitan taxi areas<sup>14</sup>. The purpose of the moratorium was to facilitate the introduction of WATs into the taxi fleet, in accordance with the requirements of the DDA. The number of WAT licences made available in 2004 and 2005 was equivalent to the number of perpetual licences that would otherwise have been made available under the Act<sup>15</sup>. The Amendment Act also provided for the moratorium on the issue of perpetual taxi licences to be extended for a further period of up to 12 months if the Minister determined that the response times for WATs were not equivalent to the response times for standard taxis, as required by the *Disability Standards for Accessible Public Transport 2002*, formulated under the DDA. A 2005 review of WAT services found that response times were not equivalent, and as a result the Minister determined that further WAT licences were to be made available in 2006.

As well as opening up the taxi market to new entrants, the 2003 amendments introduced the potential for taxi operators to compete on the basis of price. The Taxi Regulations now allow operators to apply to the Commission for the registration of a fare that is lower than the regulated taxi fare, i.e. a discount fare. The Taxi Regulations allow the operator to charge the registered discount fare provided that the terms and conditions of the fare are displayed in the taxi and are legible from the outside of the taxi, and that the taximeter is calibrated to charge the discount fare<sup>16</sup>.

In 2004 Tasmania's taxi legislation, and in particular the annual release of new taxi licences, was assessed by the National Competition Council (NCC) as representing Australian best practice in terms of compliance with NCP<sup>17</sup>.

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<sup>12</sup> *Taxi Industry (Taxi Areas) Regulations 1996*, Regulation 7.

<sup>13</sup> *Taxi and Luxury Hire Car Industries Act*, Section 19(5).

<sup>14</sup> *Taxi and Luxury Hire Car Industries Amendment Act 2003*, Section 16(2).

<sup>15</sup> *Taxi and Luxury Hire Car Industries Act*, Schedule 7.

<sup>16</sup> *Taxi Industry Regulations*, Regulation 24A.

<sup>17</sup> National Competition Council: *Assessment of governments' progress in implementing the National Competition Policy and related reforms: Volume 1: Assessment*, Melbourne 2004, page 9.15.

## 2.3. Reports on taxi industry reform

### 2.3.1. Productivity Commission

In 1999 the Productivity Commission released a research paper on the regulation of the taxi industry. This paper was intended to assist governments in undertaking the NCP review of their taxi industry legislation by providing 'a common framework for assessing key issues in taxi regulation'<sup>18</sup>. At the request of the Taxi Industry Reference Group, a summary of the key issues raised in this paper are presented for discussion.

The Productivity Commission's paper considered the main features of regulation, namely:

- quality and safety regulation;
- regulation restricting entry; and
- fare regulation.

These are considered in turn.

#### Quality and safety

The Productivity Commission noted that taxi users are not normally in a position to assess the safety and quality of a service associated with a particular taxi, especially aspects such as the roadworthiness of the vehicle. For this reason, it is generally accepted that there is a legitimate role for governments in prescribing minimum quality and safety standards<sup>19</sup>. The Commission noted that most jurisdictions regulate safety and quality for the following reasons:

- consumer safety (e.g. roadworthiness, maximum vehicle ages and driver training);
- driver safety (e.g. the provision of protective screens and security cameras); and
- improving service quality (e.g. tests of drivers' character, English language capability and geographical knowledge, and cab and driver presentation)<sup>20</sup>.

The Productivity Commission supported the general concept of this type of regulation, but believed that justification for some of the existing regulation was weak. For instance, the Productivity Commission considered that all vehicles, regardless of whether they carry paying passengers, should be subject to regulations related to minimum safety level, but that taxis

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<sup>18</sup> Productivity Commission: op. cit., page III.

<sup>19</sup> *ibid.*, page 9.

<sup>20</sup> *ibid.*, page 10.

should not be subjected to more stringent roadworthiness checks than other passenger vehicles. However, the Productivity Commission suggested that due to the larger distances covered by taxis, more frequent inspections might be needed for taxis than for other (private) motor vehicles. The Productivity Commission also argued that there seemed to be no reason why vehicles older than current maximum ages could not continue to be used as taxis, provided that they met safety and presentation standards<sup>21</sup>. It further argued that the grounds for prescribing minimum sizes for taxis were weak, and unlikely to be able to be justified<sup>22</sup>.

In Tasmania, as with other jurisdictions, basic standards for vehicles used as taxis are prescribed by the Australian Design Rules (ADRs), which are established by the Australian Government. Vehicles used as taxis are required to meet all safety standards applied to other motor vehicles, together with additional standards for taxis, specifically for luggage space. However, DIER understands that the ADRs specific to taxis are to be abolished and that each jurisdiction's standards will be applicable in future.

With respect to the maximum age of taxis, the 1999 Review Group noted that 'while age might not be the best measure of quality it is the most practical means of determining when a vehicle should no longer be used as a taxi' and supported the retention of maximum age limits for taxis. However, it also found that the restrictions on the maximum age of a vehicle when first licensed as a taxi (under previous legislation, a vehicle was required to be no more than five years old when first used as a taxi) were unnecessary and prevented operators from making a commercial decision on the type of vehicle to use<sup>23</sup>.

The Productivity Commission also suggested that there was not a strong case for governments requiring taxi drivers to undertake additional driver training above that required to obtain a conventional drivers licence<sup>24</sup>.

While the Productivity Commission suggested that there was only weak justification for regulating issues such as more stringent roadworthiness requirements, maximum ages, minimum sizes and driver training, its report did not advance any reasons supporting such a claim.

In relation to vehicle and driver standards the Productivity Commission stated that it was possible that areas such as driver dress rules and vehicle presentation standards could be justified 'on the grounds that individual drivers and vehicles that rate poorly in these areas generate spin-off effects that impact adversely on the industry as a whole (e.g. a tourist who

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<sup>21</sup> *ibid.*, page 10.

<sup>22</sup> *ibid.*, page 11.

<sup>23</sup> Taxi Industry Review Group: Regulatory Impact Statement, page 43.

<sup>24</sup> Productivity Commission: *op. cit.*, page 11.

engages a dirty cab may decide that taxis in general are not an appropriate means of transport in that particular city)<sup>25</sup>.

The Productivity Commission also identified potential problems associated with close regulation of vehicle presentation. It noted that while some residents may perceive a common colour scheme within a city as an improvement, without adequate identification, 'a uniform vehicle colour could hinder the identification in the hail market of the company to which a taxi is attached and, thus, reduce competition'<sup>26</sup>.

### **Regulating entry**

The Productivity Commission noted that the major reason advanced by the taxi industry and by some governments for restricting the number of taxi licences is that it maintains standards. It has been argued that increasing taxi numbers would result in lower incomes for individual operators, which would affect their ability to continue to maintain their vehicles at the prescribed standards for safety and would lead to a decline in the quality of taxi services<sup>27</sup>. The Productivity Commission did not support this argument. It asserted that the most efficient way to pursue safety objectives is by targeting them directly, supported by an appropriate system of enforcement and sanctions, not by targeting safety indirectly through income support, which provide no guarantee that safety will be assured<sup>28</sup>.

This argument from the Productivity Commission appears to imply that it believes that the industry advocates a system of regulation whereby safety standards are not directly regulated and where the only means of assuring safety is by restricting the number of taxi licences available. This is unlikely to be the basis of the industry's argument, which could equally be interpreted to mean that with unrestricted licence numbers, compliance with regulated safety standards will be reduced, due to the lower financial capacity of operators to comply. There has been no approach from the industry to suggest that restrictions on the number of licences should be used as a means of ensuring safety in lieu of regulated safety standards, as implied by the Productivity Commission's report.

A further reason for supporting entry restrictions is that it constrains fare increases. The Productivity Commission cites arguments that price competition is unlikely to occur in the taxi industry because the nature of the taxi market means that if an individual taxi decreases its fares, this may not lead to increased demand for its services. Deregulation could lead to more

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<sup>25</sup> *ibid.*, page 11.

<sup>26</sup> *ibid.*, page 11

<sup>27</sup> *ibid.*

<sup>28</sup> *ibid.*, page 12.

taxis entering the market, with the consequence that fares would rise, rather than fall, as each taxi attempts to cover its costs from the same pool of customers<sup>29</sup>.

The Productivity Commission argued that this might be the case if taxi services were predominantly provided through the hail market, and that competition in this market was limited. However, the Productivity Commission argued that rank and phone markets represent the majority of business in most cities and there are few restraints to competition in these markets. It suggested that in other countries, such as New Zealand, when presented with a choice of price and service levels, consumers do exercise this choice both at ranks and through phone bookings. In these circumstances, in a more competitive environment, the Productivity Commission argued that 'in the more competitive environment that would result from the lifting of entry restrictions, there would be pressure on taxi operators to reduce, rather than increase fares, to gain market share<sup>30</sup>.

The Productivity Commission also highlighted what it saw as costs to users of entry restrictions to the taxi market. It stated that restrictions on the number of taxis enables each taxi to earn a higher income/profit than it otherwise would and that this profit 'corresponds to a direct cost to the consumer'. The source of this greater profit is twofold: higher fares and the scope for each taxi to be engaged for a greater proportion of the time than they otherwise would (i.e. a faster turnaround time between jobs). This represents a cost to consumers in terms of longer response times to jobs and slower response to phone bookings because the taxis are less likely to be available for this work<sup>31</sup>.

The Productivity Commission stated that the ability of taxis to earn greater profits is reflected in the high market value of taxi licences. The value reflects a combination of the 'excess profits that a taxi can earn', the 'expected appreciation over time in plate values' and consequent expected increase in lease rates, and goodwill and the value some owner-drivers place on having secure employment. The Productivity Commission also suggested that the lease cost represents 'the most accurate estimate of the additional cost to consumers from entry restrictions'<sup>32</sup>.

The Productivity Commission concluded that licence costs comprise a significant proportion of taxi operating costs (approximately 25 per cent) and that by eliminating the licence value, fares could be reduced by up to 25 per cent or the number of taxis could be increased (hence waiting times would be reduced) or there could be some combination of both outcomes. Benefits to consumers would thus include lower fares and reduced waiting times. The Commission

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<sup>29</sup> *ibid.*

<sup>30</sup> *ibid.*, pages 12, 14.

<sup>31</sup> *ibid.*, page 15.

<sup>32</sup> *ibid.*

suggested that this could have the effect of increasing demand for taxis, as high prices, excessive queuing or slow response times might deter people from using taxis<sup>33</sup>.

Other benefits that the Productivity Commission identified as resulting from deregulating entry included the potential for a wider range of vehicles to be used to supply taxi services, including 'smaller vehicles in niche markets or mini-buses that carry a greater number of people', and the emergence of solutions to overcome peak demand problems (such as part-time taxis)<sup>34</sup>.

### **Regulating fares**

The Productivity Commission noted that in most jurisdictions regulated taxi fares are maximum fares, but that in practice there is no competition because all taxis tend to charge the maximum allowable fare. It suggested that the reasons for regulating fares differed between the rank and hail market and the phone booked market<sup>35</sup>.

For the rank and hail market the Productivity Commission suggested that deregulated fares may not lead to good outcomes for consumers, at least in periods of peak demand when choice is limited, due to the weak bargaining position of users. An example of where this might occur might be in a peak period when it was raining, with few available taxis and high demand, where prices could be increased significantly. This could be a greater problem in areas where users are not familiar with the normal fare regime, such as in tourist areas<sup>36</sup>.

The Productivity Commission referred to the approach used in New Zealand, where taxis are required to post their prices inside and outside their vehicles and to notify the Government in advance of any change to their fares, as a possible alternative to full deregulation of fares. The Productivity Commission suggested that this system would have a number of attractions. For instance, it would allow companies to compete by offering different combinations of price and service quality. It would also prevent drivers from making decisions to charge excessive fares 'on the spot' in situations when demand was high, although it would not prevent companies from charging higher prices in peak times and lower prices when demand was lower. It would also eliminate the situation where customers and drivers were required to haggle over prices at taxi ranks, which could be confronting for consumers and could 'lead to overly aggressive solicitations for fares by drivers'<sup>37</sup>.

However, the Productivity Commission noted that this may not work in all situations. For example, at major airports, turnaround times would be slowed down considerably if customers

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<sup>33</sup> *ibid.*, page 16.

<sup>34</sup> *ibid.*, page 17.

<sup>35</sup> *ibid.*, page 18,

<sup>36</sup> *ibid.*

<sup>37</sup> *ibid.*



were able to choose between taxis offering different prices and fares, but if they were required to take the next available taxi at the rank, they might be forced to take a taxi charging a significantly higher fare than others at the same rank<sup>38</sup>. One alternative adopted by some countries is to separate vehicles offering different qualities of service, so that the main ranks would operate under a single fare structure, but there could be distinct areas for different vehicles offering lower quality, cheaper fares and those catering for the higher quality end of the market and charging higher fares (e.g. 'premium' taxis)<sup>39</sup>.

The Productivity Commission suggested that in principle there was a less compelling case for regulating fares in the phone-booked taxi market, as users are not in the position of having to take the first available taxi (or to choose from a small number of taxis on a rank) and are less vulnerable to drivers who exploit shortages of taxis during peak times. They are also able to take the time to find a service at the price they are prepared to pay<sup>40</sup>.

The Productivity Commission's preferred approach to fare regulation was for posted prices to be implemented in major cities, where there was a high level of rank and hail work, together with a fixed airport fare. For smaller cities, where phone bookings dominated, it recommended that fully deregulated fares be considered. However, this suggestion was made in the context of removing entry restrictions to the market. The Commission suggested that the regulation of maximum fares should be retained during the transition to the deregulation of entry to the market, to prevent fares increasing above present levels<sup>41</sup>.

### **Luxury hire cars**

The Productivity Commission also commented on the regulation of luxury hire cars, and suggested that the distinction between taxis and luxury hire cars was 'artificial'. It saw little reason for retaining a distinction and suggested that it should be abolished, as 'both taxis and hire-cars provide similar and competing services and should, therefore, be regulated in the same way. Hire-cars could then compete alongside taxis in the rank and hail market if they wished<sup>42</sup>.

### **Compensation and adjustment assistance**

The Productivity Commission noted that there was a need to consider compensation and adjustment measures to assist the industry to transfer into a more deregulated market. The

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<sup>38</sup> *ibid.*

<sup>39</sup> *ibid.*, page 19.

<sup>40</sup> *ibid.*

<sup>41</sup> *ibid.*, page 21.

<sup>42</sup> *ibid.*, page 23.

report considered a number of issues, including the case for compensating taxi licence holders for any resulting loss in value of their licences<sup>43</sup>.

## 2.4. National Competition Council

A staff discussion paper titled *Reforming the Taxi Industry in Australia* by Rex Deighton-Smith, Principal Economist at the NCC, noted that regulation of the taxi industry has two components: (i) safety and quality, and (ii) entry, which includes requirements for taxis to be licensed and limitations on the number of licences issued. This paper suggested that, while there was a strong case for regulating quality and safety on consumer safety and protection grounds, there were effectively no benefits in regulating entry to the industry, and considerable costs to consumers<sup>44</sup>.

The paper cited evidence from different jurisdictions' NCP reviews that demonstrated 'the extent to which government restrictions on entry have distorted the taxi market', noting that while the value of taxi licences had increased significantly over time, licence numbers in some jurisdictions had not changed, despite increased populations, incomes and tourism<sup>45</sup>. It also noted that the restrictions on licence numbers and hence entry to the market added considerably to the cost of taxi fares to the consumer<sup>46</sup>.

Deighton-Smith recommended 'a buy-back of existing licences, introduction of open entry with minimum quality standards and annual licence fees to fund the buy-back<sup>47</sup>'. The paper investigated several models for introducing such reforms, and proposed a model in which licence owners would receive 'adjustment assistance' on a case-by-case basis, rather than paying all licence owners full compensation for their licences. Compensation was not seen as desirable or practicable, as it would result in 'long delays in reaping the efficiency benefits of reform', with corresponding delays to the delivery of benefits to consumers. Further, there was unlikely to be any legal case for paying compensation, as a buy-back would be the result of a change in government policy. Specifically, it was noted that 'investments in intangible assets necessarily carry a relatively high degree of risk, while an asset such as a taxi plate, whose entire value is dependent on government regulatory decisions, is arguably among the riskier intangible assets<sup>48</sup>'.

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<sup>43</sup> *ibid.*, pages 25–40.

<sup>44</sup> Deighton-Smith, Rex: *Reforming the Taxi Industry in Australia*, National Competition Council, Staff Discussion Paper, November 2000, page 2.

<sup>45</sup> *ibid.*, page 4.

<sup>46</sup> *ibid.*, page 6.

<sup>47</sup> *ibid.*

<sup>48</sup> *ibid.*, pages 15, 16 and 26

On the other hand adjustment assistance payments would ensure the avoidance of hardship among individual licence holders, especially those small investors who had invested a significant amount in a taxi licence. Thus any adjustment assistance payment would be considered not a 'right of redress' to a policy change, but 'an obligation on the part of government to address particular economic circumstances that could arise as a result'<sup>49</sup>.

## 2.5. NCP in other jurisdictions

### 2.5.1. New South Wales

In New South Wales (NSW) taxi services are regulated under the *Passenger Transport Act 1990* (NSW) (Passenger Transport Act) and the *Passenger Transport (Taxi-Cab Services) Regulation 2001* (NSW).

Taxi licences are available on application to the NSW Ministry of Transport<sup>50</sup> and there is no restriction on the number of licences available. Licences are available at market rates, which range from nil to \$660 000 in the country areas. The market rate in Sydney is about \$280 000. The licence value increases progressively up the North Coast of NSW, with the highest values being on the NSW-Queensland border. This is a case of supply and demand for licences in the market, based on the varying returns on licences and costs of running taxis in different areas.

Ordinary licences can be sold on the open market, or by the Director-General at an amount equivalent to its current value on the open market. Under the Passenger Transport Act, the method of sale might include inviting applicants for the licence to bid for it at a public auction or to submit sealed tenders for it<sup>51</sup>. These methods of issuing licences have not been used for some years, and are not proposed in future, due to the complexity of the processes involved. In practice, licences are made available on application, whether in the country or metropolitan areas. Where there have been no sales in the previous three years, the Ministry has sought expressions of interest from prospective applicants and has offered licences at the highest price offered.

Further, the Director-General may, in the circumstances specified in the regulations<sup>52</sup>, fix the licence fee at less than the current value of the licence on the open market or decide not to impose a licence fee for the licence<sup>53</sup>.

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<sup>49</sup> *ibid.*, page 16.

<sup>50</sup> *Passenger Transport Act 1990* (NSW), Section 32A.

<sup>51</sup> *ibid.*, Section 32I.

<sup>52</sup> *Passenger Transport (Taxi-cab Services) Regulation 2001* (NSW). Regulation 82 prescribes the reasons for which the Director-General may fix the licence fee for a taxi-cab licence at less than the current value of the licence on the open market or decide not to impose a licence fee for the licence. The most significant of these is circumstances in

Licences are issued for a period determined by the Director-General (up to 50 years) and specified in the licence and are renewable from time to time<sup>54</sup>. Licences issued under the previous legislation have been deemed to be licences under the current legislation, but have no time periods specified, and are often referred to as 'perpetual' licences). There are no criteria or fees for renewal of a licence. There are no requirements that apply to licence holders, but operators must be accredited before they can operate a taxi. All licences can be leased and sub-leased to anybody, and all ordinary licences can be transferred (sold) to anybody.

Short-term (non-transferable) licences can also be sold by the Director-General. Short-term taxi licences are available for a specified period, not exceeding six years<sup>55</sup>. These licences are not renewable, and cannot be transferred except on the application of the holder's legal personal representative or of a trustee of the holder's estate<sup>56</sup>.

### **NCC Assessment<sup>57</sup>**

In its 2005 assessment, the NCC noted that the NSW Independent Pricing and Regulatory Tribunal (IPART) had completed a review of the NSW Passenger Transport Act in 1999, which recommended freeing licensing restrictions in the hire car sector and annually increasing the number of taxi licences by five per cent between 2000 and 2005. These recommendations were not implemented, but the NSW Government reported to the NCC in September 2004 that it had issued a number of new perpetual licences in the years 2000 to 2003, as well as 200–300 short-term and WAT licences in each of those years.

Other reforms implemented to attempt to overcome problems with service standards included:

- allowing holders of perpetual hire car licences to surrender them for equity in taxi plates;
- introducing fines for taxi drivers using 'trunk' radio networks to share jobs for passengers who had phoned the driver directly; and
- conducting a trial in which a driver would only learn the passenger's destination when the passenger got into the taxi.

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which the Director-General is of the opinion that the service concerned would, for economic or other reasons, be unlikely to be provided if the full licence fee were to be imposed (e.g. if the service is to be provided for the benefit of persons who have disabilities or if the service is to be provided in a fringe area of a transport district or outside such a district).

<sup>53</sup> *Passenger Transport Act 1990 (NSW)*, Section 32I

<sup>54</sup> *ibid.*, Section 32C.

<sup>55</sup> *ibid.*, Section 32D.

<sup>56</sup> *ibid.*, Section 32D.

<sup>57</sup> National Competition Council: *Assessment of governments' progress in implementing the National Competition Policy and related reforms*, Melbourne, 2005, pages 11.12–11.14.

The latter two initiatives were subsequently abandoned.

A further review of the NSW Passenger Transport Act was conducted in 2005. The NCC observed that the report of this review clarifies 'that the Act does not limit the number of taxi licences. However, there is a market differentiation between 'perpetual' licences (which are no longer issued) and current licences on offer (ordinary and short term)'. The report notes that as only perpetual licences are traded in the market, there is a barrier to entry because of the high prices set by the Government for the new licences, which the industry regards as 'inferior' to perpetual licences. The review lists further options for reform, which the NSW Government is considering.

### 2.5.2. Victoria

Taxi services are regulated under the *Transport Act 1983*, the *Transport (Taxi- Cab) Regulations 2005* and *taxi-cab licence conditions*.

Since 2002, all new taxi licences in Victoria are leased from the Government. The Government regulates the release of licences on the basis of assessed consumer need. In deciding whether to issue a new licence, the Victorian Taxi Directorate (VTD) takes into account a range of factors including the interests of the public, the interests of existing transport providers, the adequacy of existing transport services and the likely effect of the introduction of a new licences on these services, the advantages of introducing a new licence, as well as the character, qualifications and financial stability of the applicant<sup>58</sup>.

Taxi licences issued after the new leasing arrangements were established cannot be leased or transferred. Existing licensees wishing to purchase, sell or lease a licence in the metropolitan area are now required to do this through a broker licensed by BSX Pty Ltd, a member of the Bendigo Stock Exchange Group. BSX Services manages the BSX Taxi Market system. It posts assignment rates and sale prices on a public register and sets business rules for brokers. As well as publishing transfers and assignments, the BSX Taxi Market website provides a profile of supply and demand, price expectation and transaction history or outcome to help interested parties make informed investment decisions. This system began operating on 28 March 2006. Trading in designated licences other than in accordance with the system rules is now prohibited.<sup>59</sup>

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<sup>58</sup> *Transport Act 1983*, (Vic), Section 143.

<sup>59</sup> Victorian Taxi Directorate website:  
[www.doi.vic.gov.au/doi/internet/vehicles.nsf/AllDocs/712BF0EEC0458993CA256F320020A3FB?OpenDocument](http://www.doi.vic.gov.au/doi/internet/vehicles.nsf/AllDocs/712BF0EEC0458993CA256F320020A3FB?OpenDocument)  
accessed 1 June 2006.

The leases are renewed annually and unless serious incidents come to the attention of the VTD, the lease will be renewed upon payment by the due date. Current Police checks, performance levels and so on are not required at renewal time and are not normally a consideration in relation to the renewal of a licence.

Metropolitan taxi licences have a current market value of about \$360 000 and annual lease fees are in the order of \$2 000 per month<sup>60</sup>. The Government does not regulate assignment fees and conditions. In areas outside the metropolitan and outer suburban areas, the annual lease fee depends on the number of licences already operating in the area, and can range from \$500 in an area where there were previously no licences, to \$4 200 in an area where more than 30 licences were operating. Lease rates for WATs range from \$100 where there are no previous licences to \$2100 where there are more than 30 licences operating. The fees payable by country taxi operators have recently been lowered following the recommendations arising from the Country Taxi Review. The Transport Act also provides for the issue of taxi licences in areas proclaimed as taxi-cab zones<sup>61</sup>. Under these provisions Minister can specify an area to be a taxi-cab zone. In these areas, licences can be determined by tender or by fixed price, as determined by the Minister, and the classes of people eligible to apply for licences in these areas can also be specified. These provisions have been used for licences to be released at a fixed price to drivers who have never held a taxi licence.

Victoria introduced peak service taxi licences from January 2003. These taxis operate between the hours of 3:00 p.m. and 7:00 a.m. and during specified major events within the Metropolitan Taxi Zone. They were introduced to help meet growing demand for late afternoon, evening and early morning taxi services.

There is no cap on the number of taxi licences in Victoria. However, the Government made a commitment as part of the taxi and hire reforms of 2002 to release 600 metropolitan peak service taxi licences over six years, with approximately 100 licences issued each year. 300 have been issued to date and applications for the next 100 peak licences were invited in June 2006. The licences are made available to existing career taxi drivers and single vehicle taxi operators who have continually held a metropolitan taxi Driver's Certificate for at least five years and who have a good service record. Licence holders must be deemed fit and proper persons to operate a taxi licence under the Transport Act. The licences are leased from the Government on an annual basis and are not tradeable or assignable. The licences are valid for six years after which, if service demand requires, licence holders will be given the opportunity to apply to

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<sup>60</sup> BSX Taxi Market website: [www.bsxtaximarket.com.au/](http://www.bsxtaximarket.com.au/) accessed 1 June 2006.

<sup>61</sup> *Transport Act 1983*, (Vic), Section 143A.

have the conditions of their peak service licence varied so that the taxi can be operated 24-hours a day<sup>62</sup>.

### **NCC Assessment<sup>63</sup>**

In its 2003 assessment the NCC assessed Victoria's progress as being compliant with its NCP obligations. It noted that the Victorian Government's program of reform, including the annual release of new peak period plates for a period of 12 years, the annual conversion of 50 peak period plates into full licences for the final six years of the 12 year program, changes to hire car licensing arrangements and the introduction of industry accreditation, was the only reform package announced at the time that involved the release of significant numbers of new taxi licences, aside from the reforms introduced in the Northern Territory in 1999 (which were subsequently reversed).

The NCC noted that the Victorian Government had committed to review the impact of the increased licence numbers and to adjust the rate of annual increase if the supply/demand imbalance did not improve.

However, in its 2004 report the NCC stated that this was a low benchmark, which 'should be perceived as an interim step towards governments better meeting the public interest objectives established by the NCP reviews'. The NCC noted that in assessing Victoria's reforms positively, it was recognising that State's 'forward progress in an area in which governments generally lacked the will to implement any meaningful reform<sup>64</sup>'.

### **2.5.3. Queensland**

Taxi service licences are issued under the *Transport Operations (Passenger Transport) Act 1994* (Qld) (TOPT Act). Licences are issued for operation within a taxi service area. The TOPT Act requires that before a new taxi service licence is issued for a taxi service area, the Government must, by public notice, invite offers to purchase the taxi service licence. Information that must be included with the offer includes whether licences have been previously issued for the area and the most recent prices for which licences have been transferred in that area<sup>65</sup>.

At July 2006 the market value of licences on Gold Coast for conventional taxi service licences was between \$650 000 and \$660 000 and for WAT service licences was between \$400 000 and

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<sup>62</sup> [www.doi.vic.gov.au/DOI/Internet/vehicles.nsf/AllDocs/F399D08A5A79ABFFCA2570A5001DCF21?OpenDocument](http://www.doi.vic.gov.au/DOI/Internet/vehicles.nsf/AllDocs/F399D08A5A79ABFFCA2570A5001DCF21?OpenDocument) accessed 1 June 2006.

<sup>63</sup> National Competition Council: *Assessment of governments' progress in implementing the National Competition Policy and related reforms: Volume two – Legislation review and reform*, Ausinfo, Canberra, 2003, pages 2.10–2.11

<sup>64</sup> National Competition Council: *Assessment of governments' progress*, 2004, page 9.14.

<sup>65</sup> *Transport Operations (Passenger Transport) Act 1994* (Qld), Section 72.

\$430 000. The market value in Brisbane for conventional licences was approximately \$370 000 and for WAT licences was approximately \$180 000<sup>66</sup>.

Taxi service licences are only made available after a review of a taxi service area has been undertaken. Reviews are undertaken annually in taxi service contract areas and every two years in exempt taxi service areas. These reviews take into consideration:

- (i) the views of users of taxi services in the area;
- (ii) recent changes in travel patterns in the area;
- (iii) the types of taxi services available in the area;
- (iv) the performance of the existing taxi fleet in the area; and
- (v) the productivity of the fleet.

In areas where licences are to be made available Queensland Transport calls a public tender for taxi service licences in all areas throughout the state<sup>67</sup>.

The term of a taxi service licence in Queensland is five years, and the Government must renew it for successive terms of five years if its conditions are complied with, unless the licence holder requests a shorter term. In other words, the licence is effectively perpetual provided it is operated in an appropriate manner. The annual fee for renewing a taxi service licence is \$120.85. In an exempt area the fee is \$60.45. Some taxi service licences are issued on a non-renewable basis<sup>68</sup>. Currently there are no non-renewable taxi service licences, and there are no short-term, restricted or peak period taxi licences.

The Government is able to limit the number of taxi service licences for a taxi service area. In doing this, the Government must ensure that there are enough taxi service licences for the area to meet public demand, and take into account issues such as users' views, the types of taxi services currently available, any changes in travel patterns in the area and the performance and productivity of the existing taxi services<sup>69</sup>.

Anyone issued with a taxi service licence must hold Operator Accreditation for taxi services. Under the *Transport Operations (Passenger Transport) Regulation 2005* there are limits on the number of taxi service licences that an operator (and his or her associates) can hold or lease. If there are more than ten but not more than 20 taxi service licences for a taxi service area, a

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<sup>66</sup> Information supplied by Queensland Transport.

<sup>67</sup> Information supplied by Queensland Transport.

<sup>68</sup> *Transport Operations (Passenger Transport) Act 1994* (Qld), Section 73.

<sup>69</sup> *ibid.*, Section 71.



person must not hold more than ten of the licences. If there are more than 20 taxi service licences for a taxi service area, a person must not hold more than 50 per cent of the licences<sup>70</sup>.

Operators can transfer or lease their taxi service licences, but they can only transfer or lease them to another person who is accredited to provide a taxi service<sup>71</sup>.

### **NCC Assessment<sup>72</sup>**

The NCC noted that in 2004 the Queensland Government had stated that it would regularly release new taxi licences in response to performance criteria related to waiting time. Over the 27 month period from August 2003 the Government released 130 new licences, including 100 WAT licences in Brisbane. This was equivalent to a 4.5 per cent increase in taxi numbers over this period.

The NCC noted that the approach proposed by the Queensland Government for the review and potential release of new licences was intended to enable licence releases to be planned in advance and would facilitate a progressive program of licence releases. However, it did not consider that this approach complied with Queensland's NCP obligations.

#### **2.5.4. South Australia**

Taxis in metropolitan Adelaide are regulated under the *Passenger Transport Act 1994 (SA)* and the *Passenger Transport (General) Regulations 1994 (SA)*. Country taxis in South Australia (SA) are regulated by local councils.

Licences covered by the SA Passenger Transport Act include general taxi licences, special licences (e.g. for WATs), temporary licences and standby (substitute) licences. Under the SA Passenger Transport Act the Minister can determine whether licences will be issued and can limit the number of taxi licences to be issued. The Minister must not issue more than 50 general licences in any year<sup>73</sup>. The number of licences issued has in the past been determined by consideration of a number of factors, which can include success of previous licence releases, industry views and perceived demand. However, the SA Government had a 'no new licence' policy for its first term of office (to March 2006)<sup>74</sup>.

Licences are made available by public tender, with the highest tender/s being allocated the licence/s. In April 2006, general taxi licences were transferring on average at \$218 500. Access taxi licences (General Licences with Special Conditions) generally transfer between \$20 000

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<sup>70</sup> *Transport Operations (Passenger Transport) Regulation 2005 (Qld)*, Regulation 53.

<sup>71</sup> *ibid.*, Regulation 54.

<sup>72</sup> National Competition Council: *Assessment of governments' progress*, 2005, pages 13.2–13.3.

<sup>73</sup> *Passenger Transport Act 1994 (SA)*, Section 47.

<sup>74</sup> Information supplied by SA Department for Transport, Energy and Infrastructure.

and \$40 000, with recent transfers of around \$70 000 including a vehicle. There is no minimum tender price<sup>75</sup>.

Licence holders must be accredited and must be a fit and proper person to hold a taxi licence<sup>76</sup>.

Licences can only be transferred or leased with the consent of the Minister<sup>77</sup>. Only accredited operators can operate a taxi so transfers or leases must be to holders of appropriate accreditation. Special Vehicle Licences cannot be transferred.

Temporary licences are available for up to 12 months and are not renewable<sup>78</sup>. General licences are subject to an annual renewal fee of \$208<sup>79</sup>. As at July 2006 there were no temporary licences on issue.

### **NCC Assessment<sup>80</sup>**

SA's review of its Passenger Transport Act concluded that there was no need to change the Act because the Government had the discretion to increase the number of taxi licences by 50 licences per year. The NCC considered that this legislative discretion was insufficient for compliance with SA's NCP obligations.

The NCC noted that the SA Government had committed to review the industry before the 2006 election, but that it had maintained a freeze on the issue of any new licences. According to the NCC, the freeze was based on concerns about low driver remuneration, but it noted that other reviews have highlighted the direct link between the impact of licence values on lease rates and hence driver remuneration.

The NCC observed that free entry to the hire car market has reduced the impact of the restriction on the number of taxi licences, but that hire cars, because they cannot stand on ranks or respond to hails, are not substitutes for taxis and that there is thus no evidence that the market is competitive.

The NCC indicated that the SA Government must undertake an independent review of its taxi and hire car legislation that tested the remaining restrictions on competition and, where appropriate, reform the legislation.

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<sup>75</sup> Information supplied by SA Department for Transport, Energy and Infrastructure.

<sup>76</sup> *Passenger Transport (General) Regulations 1994* (SA), Regulation 31(1)(a).

<sup>77</sup> *Passenger Transport Act 1994* (SA), Section 49.

<sup>78</sup> *ibid.*, Section 47.

<sup>79</sup> Information supplied by SA Department for Transport, Energy and Infrastructure.

<sup>80</sup> National Competition Council: *Assessment of governments' progress*, 2005, pages 15.4–15.6.

### 2.5.5. Western Australia

Western Australian (WA) taxi services are regulated under the *Taxi Act 1994* (WA) and the *Taxi Regulations 1995* (WA). The WA Taxi Act provides for taxi plates to be offered for sale by public tender and for lease. However, plates have not been issued by tender since 2000. Leased plates are only available to people intending to own and drive the vehicle and not to existing owners or lessees of plates<sup>81</sup>. In the metropolitan areas a limited number of leased plates are made available each year at the following rates:

- Conventional taxi plates (lease term eight years): \$250 per week.
- Multi-Purpose taxi plates (lease term ten years): \$100 per week.
- Restricted (Peak Period) taxi plates (lease term ten years): \$40.00 per week for vans and \$50.00 per week for sedans. These plates can only be operated between the hours of 5:00 pm Friday to 6:00 am Saturday, 5:00 pm Saturday to 6:00 am Sunday and 3:00 pm to 10:00 pm Sunday. They can also operate on public holidays and special events. The Government issues a calendar each year with the additional dates and times for operation of these licences. Taxi companies can also request additional operating times.
- Restricted (Area) taxi plates (lease term ten years): \$100 per week<sup>82</sup>.

At June 2006 there were 923 conventional taxis, 14 area restricted taxis, 91 peak period restricted taxis, 59 multipurpose taxis owned by licence holders in the metropolitan area. In addition there were 72 leased conventional taxis, 85 leased peak period restricted taxis, 33 leased multipurpose taxis and six leased restricted area taxi. The annual licence fee for a standard taxi licence is \$88.00.

The number of taxi licences is limited in the metropolitan areas (the 'taxi control area'). For standard taxis the number of licences which may be issued is 0.86 per 1 000 head of population in the area. For multi-purpose taxis and restricted taxis combined, the number is 0.37 per 1 000 head of population<sup>83</sup>. There is a minimum release of 40 licences each year until 2008. In practice the Government has released far in excess of that figure<sup>84</sup>.

If the number of applicants for new leased licences exceeds the maximum number of licences available, the successful applicants are selected on the basis of merit. Issues taken into

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<sup>81</sup> *Taxi Act 1994* (WA), Section 16.

<sup>82</sup> Government of Western Australia, Department for Planning and Infrastructure website: [www.dpi.wa.gov.au/taxis/1565.asp](http://www.dpi.wa.gov.au/taxis/1565.asp) accessed 2 June 2006.

<sup>83</sup> *Taxi Regulations 1995* (WA), Regulation 6.

<sup>84</sup> Information supplied by WA Department for Planning and Infrastructure.

consideration include the applicant's experience as a taxi driver, whether the applicant has been convicted of a traffic-related offence or has been issued with a traffic-related infringement notice, and any other relevant information about the applicant's character or experience<sup>85</sup>.

A person can only be issued with a licence if they are deemed to be of good repute and a fit person to be the owner or lessee of taxi plates<sup>86</sup>. If the Director General of the Department for Planning and Infrastructure has cause to believe that a licence holder is no longer a fit and proper person, the person can be required to provide evidence satisfying the Director General that they are fit to hold a taxi licence. If this does not occur, they can be required to divest themselves of their licence/s<sup>87</sup>.

Licence owners may transfer their licence to another person, but this requires the approval of the Director General. An application for transfer will not be approved if the proposed transferee would become the owner of more than five sets of taxi plates or if the new licence holder is not deemed to be fit to hold taxi licences. Leased plates are not transferable<sup>88</sup>. The market value of a standard metropolitan taxi licence is about \$230 000, and for a restricted (peak period) licence about \$40 000 for conventional. Market values in country areas range from \$5 000 in Carnarvon to \$200 000 in Bunbury<sup>89</sup>.

Licence owners may also lease their licence to another person. However, the Director General is able to impose conditions on the lease, including the maximum amounts that may be charged in relation to the lease<sup>90</sup>.

Until 1982 regulation of the country taxi industry was the responsibility of the local authority and the police in each town. The local authority set fares and issued licences and the police were responsible for enforcing the regulations. In 1982, legislation was enacted to transfer the responsibility for country taxis to the WA Government. The industry is now regulated by the *Transport Co-ordination Act 1966* (WA) and the *Transport (Country Taxi-car) Regulations 1982* (WA).

In the country areas the number of licences is fixed by the Government. New licences are issued, after an assessment by the Government of demand and existing customer service, on request from either the industry or the community. Licences are offered through an expression of interest process, and the preferred tenderer is selected on the basis of his or her capacity to provide the best taxi service rather than on a monetary bid for the licence. New country taxi licences are

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<sup>85</sup> *Taxi Act 1994* (WA), Section 16(8).

<sup>86</sup> *ibid.*, Section 18.

<sup>87</sup> *ibid.*, Section 23.

<sup>88</sup> *ibid.*, Section 24.

<sup>89</sup> Information supplied by WA Department for Planning and Infrastructure.

<sup>90</sup> *Taxi Regulations 1995* (WA), Regulation 5A(a).

currently issued for a fee of \$150 and an annual licence fee of \$85.00. Licences can be transferred to other operators<sup>91</sup>.

### **NCC Assessment<sup>92</sup>**

In 2004 the NCC considered that WA's program of taxi licence releases to 2008, which was equivalent to an annual growth in the taxi fleet of about 3.5 per cent, represented 'significant progress'. However, there was concern that the program did not commit WA to ongoing increases in licence numbers beyond 2008. The NCC noted that WA intended to review the efficacy of the new arrangements before 2008. It concluded that WA marginally met its NCP obligations and that its progress should be seen as an 'interim step' towards fully meeting the objectives.

#### **2.5.6. Northern Territory**

Taxis in the Northern Territory (NT) are regulated under the *Commercial Passenger (Road) Transport Act 1991* (NT).

Licences can only be issued to persons who are accredited to operate a taxi and who have the vehicle proposed to be used as the taxi registered in their name<sup>93</sup>. Licences are issued for 12 months and can be renewed each year on payment of the prescribed fee<sup>94</sup>. The annual fee ranges from \$4 500 in Tennant Creek to \$16 000 in Darwin<sup>95</sup>. There is also provision to place a taxi licence on hold for an approved period. Licences cannot be transferred or leased, although it is possible that unofficial 'leasing' does occur<sup>96</sup>.

The Government has placed a cap on the number of taxis operating in the Darwin and Alice Springs areas. The availability of a taxi licence within these areas is based on the population. Available licences are allocated by ballot, which is held at least once per year. If a taxi licence is expired for a period of more than three months it will be considered cancelled and placed on a list of licences to be made available through the ballot process<sup>97</sup>. There is no cap on licence numbers in the other taxi areas, and licences are available to any accredited operator who can pay the licence fee. Licence numbers in these areas are thus determined by market forces.

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<sup>91</sup> Travers, the Hon. Ken, MLC: *Report on the Review of the Operation and Regulatory Structure of the Taxi Industry in Regional Western Australia*, report prepared for the Hon. Allannah MacTiernan MLA, Minister for Planning and Infrastructure, Government of Western Australia, July 2004, pages 11, 14.

<sup>92</sup> National Competition Council: *Assessment of governments' progress*, 2004, pages 14.16–14.17.

<sup>93</sup> *Passenger (Road) Transport Act 1991* (NT), Section 18.

<sup>94</sup> *ibid.*, Section 23 and Section 23 A.

<sup>95</sup> Northern Territory Government Motor Vehicle Registry Information Bulletin CPV09 Taxi Licence, effective 23 March 2006, sourced from [www.ipe.nt.gov.au/whatwedo/taxis/information-bulletins.html](http://www.ipe.nt.gov.au/whatwedo/taxis/information-bulletins.html) accessed 1 June 2006.

<sup>96</sup> Information supplied by Northern Territory Department of Planning and Infrastructure.

<sup>97</sup> Northern Territory Government Motor Vehicle Registry Information Bulletin CPV09.

There are no short term, restricted or peak period taxi licences, although there are substitute taxi licences, which can be used when the primary taxi is being serviced, maintained, repaired or is otherwise unavailable for use. One substitute taxi licence per primary taxi licence may be issued. Darwin has about five substitute licences and Alice Springs about two<sup>98</sup>.

The Act also provides for the Government to exempt a class of operators of taxis, or an operation using taxis, from the requirement to hold a taxi licence<sup>99</sup>. However, this provision is rarely used in practice.

### **NCC Assessment<sup>100</sup>**

The NCC assessed the NT's compliance with NCP in 2005. The 2005 report noted that in its 2001 report, the NCC had assessed that the NT had complied with its NCP obligations, through introducing a compliant reform program in 1999. However, the report noted that as a result of imposing a cap on the number of taxi licences in Darwin and Alice Springs in 2003 in response to industry concerns, the 2003 NCC report had reversed that assessment. This appears to be because the reintroduction of restrictions on competition had been introduced 'without a robust public interest case'.

The 1999 reforms involved deregulation of entry to the taxi, minibus and hire car industries, accompanied by a buy back of taxi plates. The cost of the buy back (reported to be \$25 million) was to be funded by the introduction of annual taxi licence fees<sup>101</sup>. Prior to these reforms, taxi licences in Darwin were reported to be trading for \$230 000, with weekly lease fees of up to \$500 per week and 80 per cent of licence owners not actually operating a taxi. There were concerns that private hire cars were affecting taxis' business, especially at airports and casino, and that minibuses were also undertaking taxi type work, with comparatively minimal licence costs. Demand for taxis was reported as not being met and, even though there was provision for the government to tender new licences, existing licence holders opposed the issue of new licences. As well as the changes to the taxi licensing arrangements, the reforms introduced changes to minibus operations, including annual licences, and private hire car licensing arrangements<sup>102</sup>.

The NCC noted that while minibuses could operate in a manner similar to taxis (e.g. they could stand on ranks, respond to hails and accept bookings, use dispatchers and paid the same licence fees as paid by taxis), they were 'imperfect substitutes' for taxis. This was because they

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<sup>98</sup> Information supplied by NT government

<sup>99</sup> *Passenger (Road) Transport Act 1991* (NT), Section 25.

<sup>100</sup> National Competition Council: *Assessment of governments' progress*, 2005, pages 18.3–18.5.

<sup>101</sup> Nicholls, Professor Des: *The Impact of Deregulation on the Northern Territory Commercial Passenger Vehicle Industry*, Australian National University, Canberra, February 2003, page 3.

<sup>102</sup> *ibid.*, page 14.

did not have meters installed and operated under a zonal fare arrangement. The differences in quality and the greater flexibility of taxis meant 'that the two transport modes [remained] segmented'. It also noted that while the number of private hire vehicles and limousines was not restricted, these vehicles were generally unable to undertake rank or hail work. While the NCC recognised that the 'liberalisation of minibuses and hire cars somewhat [mitigated] the restrictions on taxi licence numbers', and that the availability of these alternatives compared favourably with their availability in other jurisdictions, it considered that the NT had not met its NCP obligations due to having 'reversed its compliant reform program without demonstrating that this was in the public interest'.

### 2.5.7. Australian Capital Territory

In the Australian Capital Territory (ACT) taxi services are regulated under the *Road Transport (Public Passenger Services) Act 2001* (ACT) and the *Road Transport (Public Passenger Services) Regulation 2002* (ACT).

The ACT has taxi licences and restricted taxi licences. Restricted taxi licences can either be wheelchair accessible taxi (WAT) licences or NSW cross-border licences<sup>103</sup>. A NSW cross-border licence can be issued to a licensed NSW taxi that is approved by the ACT Road Transport Authority (RTA) to operate as a taxi in the ACT under arrangements between the RTA and the NSW Government. A person must be accredited to operate a taxi service before they can be issued with a taxi licence.

Amendments to the Regulation in 2006 provided for the introduction of transferable leased taxi licences. Operators of perpetual taxi licences on issue prior to these amendments were able to continue operating those licences, but no further perpetual licences were to be issued<sup>104</sup>. The existing perpetual licences can continue to be traded, with the market value of these licences as at July 2006 approximately \$280 000. Perpetual licences can also be leased to another operator and there is no annual renewal fee for these licences<sup>105</sup>.

The Act provides for the Minister to determine the number of taxi licences that are able to be licensed<sup>106</sup>. At March 2006, the maximum number of taxi licences was 227, made up of the 217 perpetual licences already on issue and ten new transferable leased licences. The maximum number of restricted licences was 42<sup>107</sup>.

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<sup>103</sup> *Road Transport (Public Passenger Services) Regulation 2002* (ACT), Regulation 82A.

<sup>104</sup> *ibid.*, Regulation 82.

<sup>105</sup> Information supplied by ACT Road Transport Authority.

<sup>106</sup> *Road Transport (Public Passenger Services) Act 2001* (ACT), Section 39.

<sup>107</sup> Australian Capital Territory, *Road Transport (Public Passenger Services) (Maximum Numbers of Taxi Licences) Determination 2006* (No 1), Notifiable Instrument NI2006-74.

The ten transferable leased taxi licences were made available by ballot in April 2006, with the intention that over a two to four year period commencing in 2006 a total of 40 taxi licences would be released by ballot. The licences are issued for six years and are not renewable. It is anticipated that the remaining 30 leased licences will be non-transferable, pending passage of an amendment in the Legislative Assembly. The annual fee for a leased licence is \$20 000<sup>108</sup>.

### **NCC Assessment<sup>109</sup>**

In its 2004 assessment the NCC concluded that the ACT had not met its NCP obligations. This was based on the ACT's failure to implement reforms intended to increase the number of taxi licences available. Following reviews of the industry in 2000 and 2002, the ACT Government introduced legislation which would have seen additional licences, up to ten per cent of the existing fleet, issued every year, under a process similar to that introduced into Tasmania's legislation in 2003. The legislation would also have removed the provisions enabling the Minister to determine the maximum number of taxi and hire car licences. The legislation in relation to taxi licences was not passed. However, amendments were passed that enabled existing hire car licences to be bought back and an unlimited number of licences made available for lease from the Government.

The NCC concluded that the ACT's failure to reform its taxi industry legislation might be 'somewhat mitigated by competition from hire cars', but that hire cars were 'imperfect substitutes'. The NCC has not assessed the ACT's 2006 reforms to the taxi industry.

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<sup>108</sup> ACT Government, Road Transport Authority, Department of Urban Services: *Ballot of Defined Rights for Transferrable Taxi Licences Information Sheet*, 19 April 2006 ([www.transport.act.gov.au/publictransportpolicy/taxi/taxi\\_licence\\_ballot](http://www.transport.act.gov.au/publictransportpolicy/taxi/taxi_licence_ballot) accessed 24 May 2006).

<sup>109</sup> National Competition Council: *Assessment of governments' progress*, 2004, pages 17.1–17.3.



## 2.6. Current situation

### 2.6.1. New licences issued

Table 1 provides information on the taxi licences (both perpetual and WAT) issued since the introduction of the amendments to the Act.

**Table 1 – Taxi Licences issued in Tasmania 1 January 2004 to 20 August 2006**

Taxi Area	Number of licences issued	Type of licence	Year issued	Total licences on issue
Hobart	19	WAT	2004 (10) 2005 (8)* 2006 (1)*	207 Perpetual 19 WAT
Launceston	9	WAT	2004 (4) 2005 (5)	91 Perpetual 9 WAT
Perth	3	Perpetual	2004 (1) 2005 (1) 2006 (1)	7 Perpetual
Glamorgan/Spring Bay North	2	Perpetual	2005 (2)	2 Perpetual
Break O'Day	1	Perpetual	2004	3 Perpetual
Bruny Island	1	Perpetual	2005	1 Perpetual
Burnie	1	WAT	2004	22 Perpetual 1 WAT
Central Highlands	1 (allocated but not issued)	Perpetual	2006**	0 Perpetual
Devonport	1	WAT	2004	22 Perpetual 1 WAT
Glamorgan/Spring Bay South	1	Perpetual	2004	1 Perpetual
Huon Valley	1	Perpetual	2006	4 Perpetual
King Island	1	Perpetual	2004	2 Perpetual
Tasman	1	Perpetual	2004	2 Perpetual
West Coast	2 (allocated but not issued)	Perpetual	2006 (2)**	7 Perpetual

Taxi Area	Number of licences issued	Type of licence	Year issued	Total licences on issue
Circular Head	0			5 Perpetual
Dorset	0			2 Perpetual
Flinders Island	0			1 Perpetual
George Town	0			5 Perpetual
Kentish	0			0
Meander	0			2 Perpetual
New Norfolk	0			9 Perpetual
Penguin	0			2 Perpetual
Ulverstone	0			7 Perpetual
West Tamar	0			2 Perpetual
<b>Total</b>	<b>41 issued</b> <b>3 additional allocated</b>	Perpetual  WAT	2004 (5) 2005 (4) 2006 (2)  2004 (16) 2005 (13) 2006 (1)	406 Perpetual  30 WAT

**Notes:**

\* Two additional WAT licences in the Hobart taxi area for 2005 had been allocated but had not been issued at the time of writing.

\*\* At the time of writing the perpetual taxi licences allocated for the Central Highlands and West Coast taxi areas had not been issued.

Additional WAT licences were made available in Hobart (10), Launceston (5), Devonport (2 – includes the 2005 licence that was not taken up) and Burnie (2 – includes the 2005 licence that was not taken up). Due to technical problems with the allocation process, only two of the Hobart licences were allocated. At the date of writing, one of these licences has not been taken up. The remainder of the licences will be made available again later in 2006. DIER expects that the majority of these licences will be taken up, given the high level of interest in the initial ballot.

This demonstrates that of the 60 perpetual licences offered from 2004 to 2006, only 14, in ten of the 20 taxi areas, were taken up. Of the 33 WAT licences offered in 2004 and 2005, 31 were allocated and 29 have been issued. One licence in each of Burnie and Devonport was not taken up and two licences in Hobart have yet to be issued. The number of WAT licences made available in the metropolitan areas is equivalent to the number of perpetual licences that would have otherwise been made available in those areas. This may provide some indication of the

likelihood that perpetual licences would have been taken up if they had been made available, as WATs are firstly *taxis*, and able to compete with standard taxis in all segments of the market.

### 2.6.2. Valuation of licences

The Act requires the Transport Commission to make available new perpetual licences every year in each taxi area. The number of licences to be made available is either five per cent of the number of existing licences (rounded to the nearest whole number), or one, whichever is greater. The licences are offered for sale by tender, and the Act provides that the Commission cannot accept a tender that is less than the assessed market value (AMV) in a particular taxi area<sup>110</sup>.

The AMV of taxi licences in each taxi area is determined by the Valuer-General every three years, commencing on 1 July 2003<sup>111</sup>. The valuation is generally based on the value of licence transfers within the area over the preceding three years. In areas where no transfers have occurred, the AMV is based on licence transfers from other taxi areas with similar economic and demographic characteristics. The methodology for making these assessments is determined by the Valuer-General. DIER is available to provide advice to the Valuer-General in this regard, but is not responsible for the valuations.

The current AMVs are outlined in Table 2.

**Table 2 – Assessed market values of licences at 1 July 2003<sup>112</sup>**

<b>Taxi Area</b>	<b>Assessed Market Value</b>
Break O'Day	\$19 000
Bruny Island	\$1 000
Burnie	\$38 000
Central Highlands	\$1 000
Circular Head	\$20 000
Devonport	\$40 000
Dorset	\$3 000
Flinders Island	\$1 000
George Town	\$21 900
Glamorgan/Spring Bay North	\$3 000
Glamorgan/Spring Bay South	\$1 800

<sup>110</sup> Taxi and Luxury Hire Car Industries Act, Section 19.

<sup>111</sup> *ibid.*, Section 11.

<sup>112</sup> *Taxi Industry (Taxi Areas) Regulations 1996* (Tas), Regulation 7.

Taxi Area	Assessed Market Value
Hobart	\$81 750
Huon Valley	\$11 000
Kentish	\$3 000
King Island	\$1 000
Launceston	\$43 800
Meander Valley	\$21 900
New Norfolk	\$20 000
Penguin	\$2 500
Perth	\$21 900
Tasman	\$5 000
Ulverstone	\$30 000
West Coast	\$1 000
West Tamar	\$21 900

The 2006 valuation of licences will occur later in 2006, to reflect the values at 1 July 2006.

In both Hobart and Launceston, licence values have steadily increased since the 1 July 2003 valuation. For instance, from January to July 2006, Hobart licences have been traded at an average price of over \$120 000, and a significant majority of trades since July 2004 have been for over \$100 000. This represents an increase in the AMV of about 50 per cent over a period of three years. In Launceston, 2006 trades have averaged \$57 000, with some trades since 2005 exceeding \$70 000. This represents an increase in the AMV of about 30 per cent since July 2003.

### 2.6.3. Uptake of discount fares

The 1999 Review Group considered that the ability for customers and operators/drivers to negotiate lower fares would result in innovation in the industry and contribute to some increase in demand for taxi services. It suggested that claims by the taxi industry that there were too many taxis in the urban areas and that there were significant idle periods indicated that there was potential for both industry and consumers to benefit from fare discounting at such times<sup>113</sup>.

The Review Group noted concerns about disorderly market behaviour that might stem from a system that relied on negotiation of fares for individual trips. It suggested that to overcome this

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<sup>113</sup> Taxi Industry Review Group; Regulatory Impact Statement, page 39.

a revised fare control structure would need to facilitate negotiation of fares in an orderly manner<sup>114</sup>.

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<sup>114</sup> *ibid.*

This was introduced in 2000 through amendments to the Taxi Industry Regulations, which provided for drivers, operators or accredited taxi groups to apply to the Transport Commission for the registration of a discount fare<sup>115</sup>. The requirement for the discount fare to be agreed with the Commission and to be displayed on the outside of the taxi/s, was intended to address the concerns about the potential for disorderly market behaviour.

At the time of writing, no discount fares had been registered with the Commission.

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<sup>115</sup> Taxi Industry Regulations, Regulation 24A.

### **3. Issues**

#### **3.1. Issues for consideration**

This section considers a range of issues relating to licensing, other than those introduced to the Act in 2003 as a result of the NCP review. As previously discussed, at this stage it is not feasible to review the impact of these reforms as they either (i) have not been implemented in urban areas; or (ii) have been implemented, but have not yet been used by the industry.

#### **3.2. Licence values**

The significant increase in licence values seen in the metropolitan areas from 2003 to 2006 was an unexpected outcome of the changes to the Act requiring the issue of additional licences every year. It was thought that if the number of licences available was increased, there would be lower scarcity value attached to the existing licences and, consequently, prices would remain fairly constant, or decrease over time. However, licence values in Hobart and Launceston have risen substantially since WATs were introduced.

It is likely that the release of WAT licences in lieu of perpetual licences in 2004, 2005 and 2006 has contributed to the capacity of the standard taxi industry to demand higher licence prices as, although WATs can compete with standard taxis for all forms of standard taxi work, there is reportedly a view in the industry that WATs are catering for a specific segment of the market and are thus less likely to compete with standard taxis. WAT licences may not be seen as a 'threat' to existing operators in the same way that new, cheaper, perpetual licences would be and hence have not had the same impact on licence prices in the market as additional perpetual licences might have had, had they been released. It has been reported to DIER that when the Government announced that WAT licences were to be issued in 2006 in place of perpetual licences, some licence owners immediately increased their lease rates. This might have reflected a perception that there was still a high demand for perpetual licences that would not be met in 2006, and that while this demand existed, higher lease rates could be obtained.

Ultimately, the responsibility for the market value of licences lies with the industry and with the owners who choose to pay licence prices far in excess of the AMV. At present owners are choosing to pay significantly higher prices in the knowledge that additional licences will be available for purchase from the Government in 2007, possibly at a lower price than they are required to pay now in the market.

### **3.2.1. Timing of valuations**

It has been suggested that the valuation date of 1 July is not appropriate, as licences are made available in March of each year. Consequently, in the later years of the three-year valuation cycle, licences will be offered at a price that is almost three years old, and might not truly reflect the market at that time. To overcome this, the taxi industry has suggested that the AMV should be determined at a date just before the first licence issue in a three year cycle, rather than nine months before, as is currently the case.

### **3.2.2. Frequency of valuations**

The taxi industry has also expressed concern about the timing and frequency of the valuations. It has been argued that the AMV might not accurately reflect the market value in the years following the completion of the Valuer-General's assessment. The industry has suggested that if market values continue to increase, as they have in Hobart and Launceston since 2003, future issue of licences at the AMV, which could have been assessed up to three years previously, may result in an influx of relatively cheap licences onto the market. It is argued that this virtual guarantee that the licences will be taken up will reduce the 'pool' of work available to all taxis, thereby reducing the amount of work available to individual operators and hence reducing their income. Indeed, parts of the industry are opposed to the release of new perpetual licences, at any price, on these grounds.

This situation will not arise in 2006, as no new perpetual licences will be made available in the metropolitan areas, in order to allow for additional WAT licences to be offered. In 2007, the new perpetual licences will be made available at the AMV determined in 2006. However, by 2008 and 2009, the licences will still be made available at the AMV determined in 2006 and, if the current trend for increasing licence prices continues, there may be a significant discrepancy between the price at which licences can be purchased from the Government and the price at which they are traded on the market.

To prevent both this, and a possible 'flooding' of the market, there have been calls from the industry for the valuations to be undertaken more regularly, e.g. annually rather than every three years. It has been suggested that a sale that occurred over two years previously should have less impact on the valuation than a more recent trade, and that the AMV should reflect the current market value, rather than a price that was paid for a licence 30 months previously. However, it is likely that the Valuer-General would take the timing of each trade into consideration when determining the AMV, so that the AMV would be more likely to reflect the more recent trade prices.



When introducing the three-yearly valuations, it was intended that the time span between valuations would also serve to minimise the impact of any sales that were outside the normal values, thus providing the industry with a degree of certainty in relation to licence prices. For instance, if trades averaged \$110 000 in one year, this could reflect a number of trades at about this price, or it could reflect a number of trades at a much lower price and one or two trades at significantly higher prices that were not typical of the market. However, the one or two higher prices could have a substantial impact on the AMV. If, on the other hand, trades over the previous three years were examined, trends in licence prices would be more apparent, and there would be less opportunity for the AMV to be skewed due to the effect of a small number of atypical transactions.

As noted above, when the AMV was introduced, it was expected that the release of new perpetual licences into the market would eventually result in an overall decrease in the value of licences. This was seen as desirable, as a lower licence price would decrease the barriers to entry into the market and thereby increase competition, consistent with the Government's aims. However, in recognition of industry concerns, the AMV was implemented as a means of ensuring the values did not drop significantly over a short time period, by setting a minimum price at which new licences would be issued for the following three years. It was not seen as a means by which licence values could be sustained at a very high level, irrespective of the prevailing market prices.

While the three-year cycle might enable investors to purchase a new licence for less than the prevailing market price, it is unlikely that the process will have this effect in the long term. Indeed, if the increased supply of licences were to lead to a reduction in their market value, as expected, a three-yearly cycle would provide a significant brake upon the rate at which the market value of licences might decline, compared to a system in which the AMV was to be recalculated on an annual basis. Therefore, in an environment of falling licence prices, it would be unlikely that existing licence owners would support an annual valuation process.

Further, given the small number of licence trades in most non-metropolitan areas (only 22 trades in a total of seven taxi areas since 1 July 2003), an annual valuation would not be possible in most taxi areas. As the Valuer-General cannot consider previous trades in areas where no licences have been traded in the preceding period, another method of valuation is used. This is likely to be a resource intensive process if undertaken every year. Combined with the slow market in these areas, an annual valuation could not be justified.

If a shorter valuation cycle was to be introduced, it is likely that this could only be effective in the larger taxi areas, where there are more frequent trades and a market value is able to be assessed on the basis of these trades, rather than relying on demographic data and assessed

demand for taxi services. However, as noted above, the three-yearly valuation was intended to provide a higher degree of certainty to the industry in relation to licence values.

It should also be noted that the AMV is, in effect, a 'reserve' price that is set for the purposes of administering the provisions of the Act related to the issue of perpetual licences, rather than a valuation for the purposes of determining the value of a business. It is simply the lowest price that the Transport Commission will accept for the issue of new licences. If the market supports a higher value, this will be reflected in the prices tendered. For this reason, it is suggested that neither the timing nor the frequency of the valuations should make a significant difference to the outcome of a tender process. If there is a high demand for licences, the tender price will be high, regardless of the AMV. Thus if perpetual licences were to have been made available in Hobart in 2006, with the lowest price accepted being \$81 750 (i.e. the AMV), recent trading data supplied to DIER suggests that the prices that would have been tendered would have been around \$115 000. While some tenderers might have bid an amount at or around the AMV, given the prices obtained in the market, these tenderers would be unlikely to have been successful with their bids. Thus if market prices are high, a low AMV should not have a significant impact on the prices tendered for new licences, and the risk that the market would be 'flooded' with cheap licences is likely to be very small.

### **3.2.3. Licence values in non-metropolitan areas**

As noted above, the valuation of licences in areas where there have been few or no trades since the previous valuation could be difficult and some operators in rural areas have expressed concern about the process used to value their licences.

There are a number of pertinent points in relation to this issue. First, the non-metropolitan taxi industry varies considerably between areas. There are areas that have only one licence on issue and areas with five or more licences. Some areas have an AMV of \$1 000; other areas have an AMV approaching that of the smaller metropolitan areas. For instance, the AMV of a taxi licence in the Ulverstone area is \$30 000, which is comparable to Burnie (AMV \$38 000) and Devonport (AMV \$40 000), as well as to non-metropolitan areas such as George Town (AMV \$21 900).

#### **Method of licence valuation**

As noted in Section 2.6.2, DIER does not participate in the valuation process for taxi licences. It is likely to be difficult to value licences in areas where there have been few, if any licence trades. Such valuations may be based on licence transfers from other taxi areas with similar economic and demographic characteristics. However, in areas where only one trade had occurred, there is a risk that the price paid for the licence might be significantly higher or lower

than the 'real' value of the licence. This might be because an operator is in financial difficulties and is looking to leave the industry quickly and thus accepts a much lower price for the licence than they might otherwise have accepted.

It has been suggested that trading values and demographics alone would not provide adequate information to allow the determination of an accurate value for a taxi licence in a particular area to be determined. Some owners have suggested that the Valuer-General should consult with the operators in the area to assess issues that could affect the value of the licence, such as prevailing operating costs and income per licence, the demand for services and so on.

### Demand in non-metropolitan areas

The number of licences on issue in an area does not necessarily correspond to the AMV of licences in the area, as demonstrated below.

**Table 3 – Characteristics of non-metropolitan taxi areas**

Taxi Area	Licences <sup>#</sup>	AMV (\$) <sup>116</sup>	Population <sup>117</sup>
New Norfolk	9	\$20 000	9 517
West Coast	8	\$1 000	4 946
Perth	7	\$21 900	N/A*
Ulverstone	7	\$30 000	11 750**
Circular Head	5	\$20 000	8 099
George Town	5	\$21 900	6 679
Huon Valley	4	\$11 000	14 567
Break O'Day	3	\$19 000	6 194
Dorset	2	\$3 000	7 120
Glamorgan/Spring Bay North	2	\$3 000	N/A***
King Island	2	\$1 000	1 570
Meander	2	\$21 900	18 621
Penguin	2	\$2 500	4 326**
Tasman Peninsula	2	\$5 000	2 180
West Tamar	2	\$21 900	21 237
Bruny Island	1	\$1 000	N/A****
Flinders Island	1	\$1 000	897
Glamorgan/Spring Bay South	1	\$1 800	N/A***
Central Highlands	1	\$1 000	2 337
Kentish	0	\$3 000	5 784

<sup>116</sup> Taxi Industry (Taxi Areas) Regulations, Regulation 7.

<sup>117</sup> Australian Bureau of Statistics: Cat 3218.0 - Regional Population Growth, Australia, 2004-05 (Preliminary), 23 February 2006 (sourced from [www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/3218.0Main\\_Features72004-05?opendocument&tabname=Summary&prodno=3218.0&issue=2004-05&num=&view=](http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/3218.0Main_Features72004-05?opendocument&tabname=Summary&prodno=3218.0&issue=2004-05&num=&view=)) accessed 28 June 2006.

Taxi Area	Licences <sup>#</sup>	AMV (\$) <sup>116</sup>	Population <sup>117</sup>
<b>TOTAL</b>	<b>66</b>		

# Includes licences in Central Highlands and West Coast areas that have been allocated but not issued.

\* The population of the Perth taxi area is not available, as the area encompasses part of the Northern Midlands, Launceston and Meander Valley local government areas.

\*\* The Penguin and Ulverstone taxi areas are part of the Central Coast municipality, population 20 914. The above population figures are based on 2001 Census data for the major population centres in the municipality<sup>118</sup>.

\*\*\* The population of the Glamorgan/Spring Bay municipality is 4 296. Figures for each taxi area are not separately available.

\*\*\*\* Bruny Island is part of the Kingborough municipality. Its population is not known.

It might be expected that areas with a higher number of licences would have a correspondingly higher level of demand for taxi services and that, consequently, the value of the licences would be higher than the licence values in areas with a lower number of licences. While this is generally the case, it is not always so. For instance, in those areas with two licences on issue, the AMV varies between \$2 500 and \$21 900. While most areas with an AMV of about \$1 000 have one or two licences on issue, the West Coast area has eight licences, although these are spread between three population centres (which were previously three separate areas of operation under the former public vehicle licensing conditions). The number of licences on issue in areas with an AMV of around \$20 000 ranges from two to nine.

Table 3 also demonstrates that there is little correlation between the population of a taxi area and the number of licences on issue. This issue was raised in DIER's discussion paper on taxi areas, which noted:

[ . . . ] the West Coast taxi area has considerably more licences on issue than other areas of comparable size, whereas West Tamar has fewer licences than might be expected for an area with such a large population, although much of this population is likely to be located within the zone shared with Launceston. There are a number of other factors that would also need to be considered, such as existing non-taxi transport providers, industry, age profile, services available in the major centres, tourist attractions and so on, as well as the geographic spread of the population in the area (i.e. an area with one large population centre would be more likely to sustain a taxi service than an area where the population was widely spread across multiple population centres)<sup>119</sup>.

<sup>118</sup> Central Coast Municipality, *Profile of the Population and their Housing* (sourced from [www.centralcoast.tas.gov.au/webdata/resources/files/Community\\_Profile.pdf](http://www.centralcoast.tas.gov.au/webdata/resources/files/Community_Profile.pdf))

<sup>119</sup> Department of Infrastructure, Energy and Resources, Review of the *Taxi and Luxury Hire Car Industries Act 1995*, Paper 8 – Taxi Areas, Discussion Paper, July 2006, pages 33–34.

Thus, while population and the number of licences may provide some guidance on determining the demand for taxis in an area, and hence the possible value of a licence in an area, this is not always the case.

A better indicator of demand may be the actual number of licences taken up in each area since the first release of additional licences in 2004. From Table 1 (pages 32–33) it can be seen that new licences were taken up in the following areas:

**2004**

Perth, Break O'Day, Glamorgan/Spring Bay South, King Island and Tasman.

**2005**

Perth, Glamorgan/Spring Bay North (2) and Bruny Island

**2006**

Perth, Central Highlands, Huon Valley and West Coast.

The licences issued in the Glamorgan/Spring Bay South, Glamorgan/Spring Bay North, Bruny Island and Central Highlands areas were the first licences issued in those areas.

It can be seen that there is a constant demand for licences in the Perth area. This could be due to the fact that the Perth taxi area includes a shared zone with the Launceston taxi area, and taxis in this area have access to a significant part of the Launceston market, including the Airport and the Casino. This issue was raised in DIER's discussion paper on rural taxis, which noted that demand for these licences had not been overwhelming as, although there had been the potential for two new perpetual licences to be made available (the initial licence and an additional licence if the successful tender price exceeded the AMV by more than ten per cent), in each year, only one licence had been taken up. In 2005, when the tendered price exceeded the AMV by more than ten per cent, and an additional licence was made available, it was not taken up<sup>120</sup>.

In the other nine areas where licences have been taken up, this has occurred in only one year out of the three and, other than in Glamorgan/Spring Bay North, only one licence has been taken up in each area. In the 2006 release the successful tender price for the licences in the Central Highlands and West Coast areas was more than ten per cent higher than the AMV. In accordance with the requirements of the Act in relation to this situation, the Commission made

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<sup>120</sup> *ibid.*, page 24.

available a further licence in each of these areas in June 2006<sup>121</sup>. A compliant tender was received for the second West Coast licence, but at the date of writing, this licence had not been issued.

There is not a high level of demand for licences in the non-metropolitan areas, as shown by the low take-up of licences over the period 2004–2006. In some areas this might be because the market considers that the AMV is seen by prospective entrants as being too high. In other areas it might be because there is already an established operator in the area and potential new entrants might consider that it would not be possible to compete with that operator. This might be the case if an existing operator had a number of taxis, and a new entrant might believe that it would be difficult to establish a viable and competitive new service with only one taxi. It might also be the case if the demand for taxi services is so low (such as in areas where there is only one licence) that a new entrant assessed that the area could not support an additional taxi. Indeed, some non-metropolitan operators in single operator areas or towns have suggested to DIER that if another operator entered the market in that area, one or both of the operators would go broke.

### **Changes to non-metropolitan licensing**

It might be the case that in areas where the AMV is very low and no licences are being taken up, licences in these areas have no effective value. If this were the case, an argument could be made for reviewing the licensing regime in these areas. This was considered in the Taxi Areas discussion paper, which suggested that the concepts of metropolitan and non-metropolitan taxi areas might be too restrictive, and that there might be a need to redefine the types of taxi areas. The paper suggested that taxi areas might be able to be

'more effectively categorised, with different regulations applying to the different categories of areas. For instance, Hobart and Launceston could be defined as 'major metropolitan' areas, with particular regulations relating to, for example, radio rooms applying to these areas. Burnie and Devonport could be defined as 'metropolitan', with different requirements for radio rooms applied. There could then be 'major rural' areas, which might be those areas with more than a specified number of licences or those areas adjacent to the metropolitan areas, where there is a lot of out of area work, and, finally, 'remote' areas, which have very few licences on issue or are geographically isolated, with a more dispersed population. These areas may operate quite differently to those deemed to be 'major rural' and may therefore need a different level of regulation to other areas<sup>122</sup>.'

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<sup>121</sup> Taxi and Luxury Hire Car Industries Act, Section 19(5).

<sup>122</sup> DIER: op. cit., pages 40–41.

The paper also suggested that a further alternative might be for the more remote regions to not be included in any taxi area, with these regions considered to be an 'exempt zone',

'with fewer regulations applying to taxis in these areas, and operators able to operate anywhere within this zone. This could be expected to open up the market in this zone, especially if only the most basic regulations (e.g. in relation to vehicle safety and operator fitness) were applied. This would provide fewer barriers to operators seeking to establish a service in a town that might need a taxi service, but in which such a service might otherwise be unviable. An alternative might be for only those areas where there are no taxis to be included in the exempt zone, with other areas required to comply with the relevant regulations for a rural or non-metropolitan zone<sup>123</sup>.'

The different level of regulation suggested for the 'exempt' zone or 'remote' taxi areas might extend to licensing arrangements. For instance, licences could be made available at no cost other than the annual administration fee (which might be reduced for operators in these areas<sup>124</sup>). This would obviate the need for an assessment of the AMV of licences in these areas, which, as noted in Section 3.2.3, is difficult to determine due to the low demand for licences and the infrequency of licence trades. As noted above, the AMV of licences in these areas is already close to zero, so it is unlikely that it is the licence cost that is a deterrent to entering the market. Hence it is unlikely that existing operators would be concerned about an influx of new entrants into their market simply because the licences were valued at zero.

Licences in these areas could be made available on request, rather than through an annual release. Some safeguards could be implemented to ensure the effective operation of taxis under such a system. For instance, licences might be issued with the provision that the licence must be operated or returned to the Transport Commission. This would ensure that licences were only obtained when an operator intended to enhance an existing service or begin a new service, and would prevent owners from sitting their licences 'on the shelf' in the hope that they might increase in value over time. In this case there would then be no need for an operator to keep an unoperated licence in reserve to be operated once their business increased, which DIER understands is current practice in some areas, as they would be able to apply for a new licence at any time. The issue of inactive licences is discussed further in Section 3.4.

A further safeguard might be a need to review area groupings over time, as noted in the Taxi Areas discussion paper:

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<sup>123</sup> *ibid.*, page 41.

<sup>124</sup> The *Final Report of the Victorian Country Taxi Review* (Victorian Country Taxi Industry Working Group, May 2006, page 41), recommended a reduction in the licence fee and annual administration fee for taxi licences in small country areas, given the need of operators in these areas for financial support. It was noted that while the reduction in fees appeared small, it would represent 'significant savings for individual small operators given the size of their returns'.

'... a mechanism to review area groupings might need to be developed to ensure that areas continued to be appropriately grouped. For example, if the market in an area classified as 'remote' increased to the extent that there was significant growth in the number of licences being operated over a period of time, it might be appropriate to reclassify that area so that its regulatory requirements were consistent with those of other areas with a similar market<sup>125</sup>.'

This would also ensure that the arrangements for issuing licences in a formerly 'remote' area were consistent with those in areas of similar demand and demographics. A return to an annual licence release would still enable new entrants into the market, without the unrestricted entry that would have applied to a market with a very low demand, thus providing some protection to the existing operators in the area.

An alternative means for establishing an AMV in an area where there had been no recent trades would be to call for tenders for licences in those areas in the same way as currently occurs, but for there to be no minimum price for tenders. The Commission could then accept the highest tendered price as the successful price for a licence in that area, and that price could be used as a basis on which an AMV could be determined in future. Under such an alternative, there would be no AMV for licences in an area until a licence was actually purchased. However, this should not be a problem, as the AMV is used only to set the lowest price at which a licence can be sold by the Commission, and may not necessarily reflect the 'true' market value of a licence.

#### **3.2.4. Questions**

1. Should the timing of the perpetual licence valuations be adjusted to better align with the issue of new licences? At what date should the valuations be made?
2. Given the reasons for three-yearly valuations, should this provision be changed? Why?
3. Should licences in the Hobart and Launceston areas be re-valued more frequently than those in other areas? Why?
4. How could licences be valued in areas where there have been few or no licence trades? What factors might be taken into account and why?
5. Should the licensing arrangements for licences in the more remote and/or lower valued areas be reviewed? Do licences in these areas effectively have a zero value?

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<sup>125</sup> DIER: op. cit., page 41.



6. What would be the advantages and disadvantages of offering licences at no cost in the more remote and/or lower valued areas? Would it be appropriate to issue licences in these areas 'on demand' rather than through an annual release?
7. In areas where there have been no trades, should the Commission accept the highest tender for a licence rather than require the AMV to be tendered before a licence can be issued?

### 3.3. Ownership and leasing of perpetual licences

#### 3.3.1. Licence ownership

##### Personal property

The Act provides that, in addition to authorising the use of a vehicle as a taxi<sup>126</sup>, a perpetual taxi licence is 'the personal property of the person to whom it is issued<sup>127</sup>'. This means that once issued, a licence owner is free to use the licence in whichever way they wish. They can operate the licence themselves, can lease it to an accredited operator or can choose not to operate it at all.

It is suggested that by deeming a perpetual licence to be 'property', rather than solely an authority to operate a taxi (e.g. in the same way that a driver's licence is an authority to drive a motor vehicle), a number of problems have been created.

One significant issue is that as 'property', a perpetual licence can be used as an investment, and therefore can be purchased by people whose main interest is obtaining a return on their investment, rather than in providing the service that they are empowered by the licence to provide. Such investments are subject to fluctuations in value (either downwards or upwards), in the same way as other investments. Owners are also able to achieve significant returns on such investments. In the case of perpetual licences this is achieved through leasing the licence to an operator, which is discussed in Section 3.3.3.

This arrangement is different to the arrangement for WAT licences and for luxury hire car licences, which cannot be leased and which can, consequently, only be legally operated by the licence holder.

There is a view that a perpetual taxi licence should not be considered as property, but rather solely as an authority to operate a taxi service, and that holding a taxi licence imposes certain

<sup>126</sup> Taxi and Luxury Hire Car Industries Act, Section 21(a).

<sup>127</sup> *ibid.*, Section 21(b).

obligations on a person, particularly in relation to the provision of taxi services. This is discussed further in Section 3.4.

### **Fit and proper**

In Tasmania there are no restrictions on who can own a taxi licence, and in the tender process for licences, licences are issued to the highest bidder/s. However, some jurisdictions require that licence owners are assessed as being 'fit and proper'. For instance, in Victoria, both licence holders and operators of taxis must satisfy the VTD that they are fit and proper persons to hold a licence and/or operate a taxi. The VTD can have regard to a person's character (e.g. criminal history), qualifications and financial stability. There are similar requirements in SA and WA. In Queensland, licence owners must hold operator accreditation before they can be issued with a licence.

The Taxi Industry Reference Group discussed this issue briefly at its meeting of 20 April 2006 and there were mixed views as to whether there should be some assessment of a person's fitness to hold, as opposed to operate, a taxi licence. Some members of the Reference Group argued that the suitability of operators and drivers was a higher priority than the suitability of owners that did not operate their plates, and that operator accreditation and the issue of an Ancillary Certificate for drivers were sufficient to ensure that a taxi service was being provided by a fit and proper person. It was argued that if these parties were deemed suitable, it should not matter who actually owns the licence, as they do not play an active role in delivering a taxi service and are not responsible for any aspect of the service.

Other members felt that licences should not be issued to persons deemed 'unfit'. It could be argued that, while owners who do not operate their licences do not play an active role in the industry, they are still associated with the industry by virtue of their ownership of a licence, and that any conduct that might affect their 'fitness' had the potential to reflect badly on the industry.

The Reference Group suggested that if this requirement was introduced, it could not be applied to licences already on issue. This means that a past offence could not exclude a current licence holder from keeping their licence, but a past offence could result in a potential new licence holder being denied a licence. It could also mean that any subsequent offence by an existing licence holder could result in them being declared 'unfit' and having their licence revoked.

As this would be imposing a new restriction on the issue of licences, it is likely to require an assessment of the benefits and costs. It is likely that the only significant benefit would be that introducing such a requirement would add to the checks already undertaken on operators and drivers to ensure that the people involved in the industry are suitable people to be providing services to members of the public, some of whom are particularly vulnerable. In particular,

given than a significant proportion of a taxi fare is returned to the licence holder through lease fees, taxi users might be concerned that their money could potentially be paid to someone with a serious criminal record. Likewise, the Government, through the Transport Access Scheme (TAS) taxi fares subsidies, would also be providing money to such a person. This might not be seen as a desirable situation.

However, it could be argued that assessing licence holders would be an administratively time-consuming process that provided little actual benefit to the industry or the public and could not be justified given current resourcing levels. It would require initial checks of applicants for licences and other investigations such as the applicant's criminal record. This may require cooperation of police across Australia, as well as relevant authorisations by the individual licence owners, many of whom live interstate. It might be argued that licence owners who operated their licences would already have to be assessed as 'fit and proper', and those that leased their licences to others would not have any direct involvement with the public. Thus their 'fitness' might largely be irrelevant.

### **Price**

The Act provides for new perpetual licences to be offered for sale by tender<sup>128</sup>. The highest tendered amount/s that are at or above the AMV will be the successful tenders for the licence/s on offer. Price is thus the sole basis for determining who will be issued with the licence. The AMV is considered to be an appropriate price for the sale of licences, as it reflects the current market conditions.

Nevertheless, it could be possible to make licences available at a value either above or below the AMV, or to not have an AMV at all. A lower price (or no AMV) might be accepted to encourage the take-up of licences in areas where they are not being purchased (e.g. in some of the non-metropolitan areas, as suggested in Section 3.2.3), whereas a higher price might be required in areas where licences are highly sought after. This might alleviate concerns of the industry about an influx of cheaper government-issued licences into the market. However, it could also be argued that the industry is responsible for the increase in the actual market value and pays higher prices for licences in the full knowledge that new licences can be issued at the AMV. Accordingly, there is no justification for attempting to effectively protect the industry from itself.

At the meeting of the Taxi Industry Reference Group of 20 April 2006, it was suggested that perpetual taxi licences be made available at the AMV through a ballot process, rather than through the existing tender process. This would ensure that all tenderers had an equal chance

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<sup>128</sup> *ibid.*, Section 19(3).

of being issued with the available licence/s, rather than encouraging tenderers to bid for a licence at a much higher rate than the AMV and potentially further increasing the AMV.

However, this would mean that the provision for additional licences to be issued if the average tender price for those licences sold exceeded the AMV by more than ten per cent would no longer apply. This provision was included to ensure that if there was a high demand for licences in a particular area (as demonstrated by tender prices that were higher than the AMV), additional licences could be made available to meet this demand. By removing this provision the flexibility to respond to an increased demand for licences is considerably reduced.

It should be noted that even if the licences are made available at the AMV, this does not mean that they will be taken up. As has been the case in many non-metropolitan areas, where there has not been a demand for the licences, there have been no tenders submitted. Thus it is the market for taxi services, rather than the cost of the licence, that will determine whether licences are purchased.

An alternative might be to abolish the AMV altogether and for tenders to be called with no reserve price. This is an extension of the proposal to offer licences with no reserve price in areas where the AMV could not be determined due to the fact that there had been no recent licence trades. In applying the proposal to all areas, it would ensure that licences were sold at a price the market was prepared to pay – i.e. a ‘true’ market value. It also would obviate the need to determine the AMV, which has been difficult to do in all areas other than those where there has been steady trading of licences. In terms of NCP compliance, it could be argued that this would prevent the implementation of the provision to issue additional licences if the successful tender price exceeded the AMV (i.e. if there was a very high demand), but on the other hand the fact that new licences were being offered at any price could be seen as removing some of the barriers to entry into the market and thus increasing the chances that licences would be taken up.

### **Other criteria**

As noted in Section 2.5.5, in WA new country taxi licences are issued through an expression of interest process (following an assessment of demand and existing customer service). The preferred applicant is selected on the basis of his or her capacity to provide the best taxi service, rather than on a monetary bid for the licence. This process was considered in a report on regional

taxis in WA, which noted that this could be unfair on existing operators, who may have paid a considerable price to purchase their licences<sup>129</sup>.

The WA report proposed a tender process for the issue of country taxi licences that was based on a number of factors including price, the merit of the applicant, improved customer service and assisting drivers to become owner-drivers, as well as requiring the applicant to demonstrate that they had an understanding of the financial aspects of operating a country taxi business<sup>130</sup>. It suggested that customer service was enhanced in towns where there was competition and that as a result, it was important that the tender process consider whether competition would be enhanced<sup>131</sup>. This would mean that under such a process, the existing operator/s in the town would not be granted any new licences on offer merely because they were already providing a service, thus opening up the market to new operators.

However, the report also observed that there was a need to balance the desirability of competition with factors such as the viability of the taxi industry in the town and the level of service already available, and thus if an existing operator could demonstrate high levels of customer satisfaction they should not be prevented from being the successful tenderer<sup>132</sup>.

This may be a complementary approach to that suggested for issuing non-metropolitan taxi licences in Section 3.2.1, where it was proposed that in some of these areas, licences could be made available on demand at no cost. A process such as the WA system outlined above might provide for greater control of the allocation of licences under this arrangement.

Alternatively, such a process could be used for allocating all new taxi licences in the State, rather than using a tender based purely on price. An advantage of this might be that licences would have to be issued to operators, rather than investors (although there would need to be a mechanism preventing the subsequent transfer of a licence to an investor) and that there would be some assurance that the owner had the knowledge and ability, if not a proven track record, to provide a customer-focused taxi service<sup>133</sup>. Issues such as the operator's accreditation record could be taken into account in this regard.

A major drawback of this type of process would be the administration required to establish the process and to assess applications. In particular, there is a considerable degree of subjectivity

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<sup>129</sup> Travers, the Hon. Ken, MLC: *Report on the Review of the Operation and Regulatory Structure of the Taxi Industry in Regional Western Australia*, report prepared for the Hon. Allannah MacTiernan MLA, Minister for Planning and Infrastructure, Government of Western Australia, July 2004, page 23.

<sup>130</sup> *ibid.*, page 24.

<sup>131</sup> *ibid.*, page 23.

<sup>132</sup> *ibid.*

<sup>133</sup> DIER's discussion paper on Operator Accreditation considered the issue of operator training to ensure that potential operators were aware of the practicalities associated with the taxi industry prior to entering the industry (Department of Infrastructure, Energy and Resources: Review of the *Taxi and Luxury Hire Car Industries Act 1995*, Paper 5 – Operator Accreditation, Discussion Paper, March 2006, page 37–38).

associated with the suggested criteria, which might make it difficult to assess the relative merits of different applications, especially if there were applications from both potential new operators and existing operators.

### 3.3.2. Conditions on licences

There are currently no provisions in the Act enabling conditions to be imposed on perpetual taxi licences. This is in contrast to WAT licences and luxury hire car licences, which 'may be issued on such conditions as the Commission determines'. Conditions that may be applied to WAT licences include conditions relating to the area in which the vehicle may operate as a WAT, the availability of the vehicle to wheelchair-reliant persons, and the condition or standard of the vehicle<sup>134</sup>. Conditions that may be applied to luxury hire car licences include conditions relating to the areas in which the vehicle may operate as a luxury hire car, and the condition or standard of the vehicle<sup>135</sup>.

The Act gives the Commission the power to suspend a luxury hire car licence or a WAT licence or to cancel these licences<sup>136</sup>. Circumstances in which licences may be suspended include where the licensee has failed to comply with a condition of the licence<sup>137</sup>. A licence may be cancelled if the Commission is satisfied that the licensee has failed to comply with what the Commission considers to be a fundamental licence condition<sup>138</sup>.

Perpetual licences are not subject to suspension or cancellation and cannot have conditions imposed on them. The means by which the operation of a perpetual licence can be affected if there is grounds to do so is through operator accreditation. Thus if an operator fails to comply with a condition of their accreditation, or is no longer deemed to be a fit and proper person to operate a taxi service, their accreditation can be suspended or cancelled, and they can no longer operate the licence/s for which they are responsible. However, the licence itself remains in force and can be operated by another accredited operator.

There have been suggestions that there should be provisions in place that provide for the suspension and/or cancellation of a perpetual licence, or for conditions to be applied to such licences. One example is suspension for non-payment of licence fees, which will be considered in the discussion paper on administration and enforcement. However, with the existing provision deeming perpetual licences to be property, it is unclear whether these licences could in fact be suspended or cancelled or to have conditions imposed on them, especially given that there is the ability to apply conditions to an operator's accreditation and suspend or cancel their

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<sup>134</sup> Taxi and Luxury Hire Car Industries Act, Section 23P(2).

<sup>135</sup> *ibid.*, Section 23D(2).

<sup>136</sup> *ibid.*, Section 23G and 23T.

<sup>137</sup> Taxi Industry Regulations, Regulation 28R(1)(a) and *Luxury Hire Car Regulations 2000* (Tas), Regulation 9(1)(a).

<sup>138</sup> Taxi Industry Regulations, Regulation 28S(1)(a) and *Luxury Hire Car Regulations*, Regulation 10(1)(a).

accreditation if these conditions are not satisfied. Through the ability of licences to be leased, the provision of the service is separated from the licence ownership, meaning that there may be no need for the imposition of conditions on the actual licence.

On the other hand, the ability to impose conditions on a perpetual licence might be beneficial under some circumstances. For example, licence conditions might be a means by which a restricted licence could be issued (e.g. a licence that could only be operated at specific times or in a specific area within the taxi area for which it is issued). Currently under the Act there is no provision for imposing such conditions on licences.

### 3.3.3. Leasing

#### Current situation

Under the Act, a perpetual taxi licence, as the personal property of the person to whom it is issued, can be assigned to another person<sup>139</sup>. In an assignment or lease arrangement, the lessee operator purchases, maintains and operates the taxi. The arrangements between licence owners and lessees, including the lease rates, are not regulated by the Government. This is not the case for WAT licences, which are issued for a period of ten years and are not assignable<sup>140</sup>.

In his paper for the NCC, Rex Deighton-Smith observed:

‘rapidly increasing capital values for taxi licences have lead to the development of extensive secondary markets. Considerable trading in licences occurs in all jurisdictions, while a major proportion of licences are owned by investors, rather than taxi industry participants<sup>141</sup>.’

This is the case in Tasmania, where about two-thirds of perpetual taxi licences are leased, mainly in the metropolitan areas of Hobart, Launceston and Burnie. This is consistent with reported levels of leasing in other jurisdictions<sup>142</sup>. Of the 404 licences on issue at 1 January 2006, a total of 257 (64%) were leased. In Hobart approximately 150 of the 207 licences on issue are leased, with 40 of these licences owned by a total of 24 interstate owners. In Launceston approximately 74 of the 91 licences are leased, 25 of these from a total of 14 interstate owners. In Burnie it is reported that 19 of the 22 licences are leased, three of these from interstate owners.

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<sup>139</sup> Taxi and Luxury Hire Car Industries Act, Section 21(b).

<sup>140</sup> *ibid.*, Section 23L(4).

<sup>141</sup> Deighton-Smith: *op. cit.*, page 5.

<sup>142</sup> *ibid.*

Leasing is less common in the non-metropolitan areas, where licences are more likely to be owned by the operator.

## Issues

Often licence owners, who might hold more than one licence, will use their perpetual taxi licence as a long-term investment. They are therefore interested in achieving high lease rates and increased market values of licences over time. With a limited number of licences available, this can and has resulted in the main driver of profit in the industry being the scarcity value of the licences, rather than the operations of the industry. This appears to be the case in the major metropolitan areas in Tasmania. As noted in Section 2.6.2, licence values in Hobart and Launceston have increased significantly since the first AMV assessment in July 2003, and lease rates in Hobart are reported to be up to \$250 per week. Recent reports have suggested that this figure is closer to \$300 for some licences.

A 1999 review of the Western Australian taxi industry concluded that high levels of investor ownership of licences:

‘puts ownership of the business (plates) out of the reach of most drivers and effectively transfers the social surplus from the consumer to the plate owner, bypassing the driver. This situation relegates most drivers to minor roles in the industry with little hope of eventually becoming plate owners<sup>143</sup>.’

There is concern in the industry that high levels of investor ownership has a negative effect on customers and industry participants such as operators and drivers, and that this also adversely affects the viability of the industry. In particular, the industry has consistently expressed concerns about the level of returns to operators and drivers. There are claims that low driver pay makes attracting drivers to the industry difficult, and that operators are under significant financial pressure. This issue was raised in the discussion paper on taxi fare setting mechanisms.

That paper cited a report from the Essential Services Commission Victoria (ESC), which reviewed Victorian taxi fares in 2005. While the ESC’s report focused on fares, it included a discussion on the distribution of revenue within the industry and the effect of high licence lease rates on returns to drivers and operators, which is relevant to this discussion. The ESC noted that a significant proportion of any fare increase would be returned to licence owners through assignment fees for licences. The result of this is that the benefits associated with increased earning potential of taxi licences have largely accrued to licence holders, with the shares

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<sup>143</sup> BSD Consultants, Economics Consulting Service, Estill and Associates: *Review of the Western Australian Taxi Industry*, Perth, August 1999 cited in Deighton-Smith: *op. cit.*, pages 5–6.



distributed to drivers and operators remaining low. With this in mind, the ESC argued that the reason for low driver incomes is not because fares are low in relation to the cost of providing the service, but is due to the way in which revenue is distributed among industry participants. As a result, the ESC concluded that the major beneficiary of any fare increase would probably be the licence holders, who would be more likely to receive a significant proportion of a fare increase through higher assignment fees flowing from consequential higher licence values. Consequently, the ESC suggested that increasing fares would be unlikely to improve revenue earned by drivers and operators<sup>144</sup>.

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<sup>144</sup> Essential Services Commission, Victoria: Report of the Taxi Fare Review, page 92 cited in Department of Infrastructure, Energy and Resources, Review of the *Taxi and Luxury Hire Car Industries Act 1995*, Paper 2 – Taxi Fare Setting Mechanisms and Driver Pay and Conditions, Discussion Paper, December 2005, page 58.

The ESC also suggested that:

'productivity gains, increases in real taxi fares and the increasing relative scarcity of taxi licences have resulted in higher licence values and assignment fees as the revenue earning potential of each taxi licence has increased<sup>145</sup>.

The effect of high licence values arising from the scarcity of licences is that customers (and the Government through its funding of the TAS) are contributing to the increased returns of licence holders through higher fares. Deighton-Smith suggests that high licence values are estimated to add about one-third to the cost of a taxi fare<sup>146</sup>. It has been argued that this is inappropriate, as users should be paying for a service rather than paying scarcity rents to investors.

### Potential solutions

In Victoria this issue has been addressed by introducing provisions from 9 May 2002 that all taxi licences issued after that date are leased from the Government and cannot be traded or assigned<sup>147</sup>. Likewise in WA, licences are leased from the Government rather than sold and the leased plates are only available to people intending to own and drive the taxi and not to existing owners or lessees of plates. This was intended to assist drivers to have more 'ownership' of the industry. An alternative might be to prohibit the assignment of perpetual licences, either for all licences, new and existing, or for new licences only. This would mean that the owner would either have to operate the licence him or herself, or not have it operated at all. To enforce such a provision, the Act could be amended to remove the provision that deems a perpetual taxi licence to be the personal property of the licence holder, which would be consistent with WAT and luxury hire car licences, neither of which are considered to be 'property' under legislation.

Either of these options would address one of the major concerns of parts of the taxi industry in relation to the ownership of licences by people who were not active participants in the industry.

Prohibiting leasing for new licences would create two classes of licences: those that are able to be leased, and those that are not. The (existing) assignable licences would still generate a significant income for the owners of those licences through lease fees from operators and might still be seen as an attractive investment option. The non-assignable licences, which would be owned by operators, would have the advantage for the operator of being owned, so (even allowing for some years to pay off a loan to purchase the licence) ultimately the operator would

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<sup>145</sup> Essential Services Commission, Victoria: *ibid.*, page 92 cited in Department of Infrastructure, Energy and Resources, Review of Taxi Fare Setting Mechanisms, pages 57–58.

<sup>146</sup> Deighton-Smith: *op. cit.* page 3.

<sup>147</sup> Victoria Department of Infrastructure website: [www.doi.vic.gov.au/DOI/Internet/vehicles.nsf/AllDocs/DCBFD3D4FEEA95A2CA256F320020D5A2?OpenDocument](http://www.doi.vic.gov.au/DOI/Internet/vehicles.nsf/AllDocs/DCBFD3D4FEEA95A2CA256F320020D5A2?OpenDocument) accessed 28 February 2006.

not have to cover the leasing costs of the licence. This would be expected to greatly improve their returns in the long term.

The effect of this, combined with the continued issue of new perpetual licences to operators, might see operators terminating their leases with investors in order to purchase their own plates. This could result in licence owners being unable to find an operator to operate their licence, and some owners might seek to sell their licences as they were no longer deriving a return from them. In such a situation, it is possible that other investors might not wish to purchase a taxi licence. The value of these licences could therefore be expected to decrease over time, thus improving the affordability of licences for operators.

Investors would be unlikely to support such a change. However, given concerns about the impact on the industry of high lease fees being charged by investors, DIER's firm view is that the interests of investors should be secondary to those of the travelling public and the active industry participants. The concept of taxi licences being a risky investment because they are subject to changes in government policy applies equally in this situation.

It has been suggested, however, that even if formal leasing were prohibited, it would not prevent informal leasing arrangements from being established between licence owners and operators. It is understood that the use of 'informal leasing' in the past, when leasing was illegal but this could not be enforced, gave rise to the current provisions in the legislation for leasing.

The current operator accreditation requirements might provide some means by which this could be controlled. One option is for the licence holder, regardless of whether they operated the licence or not, to be the responsible operator of the licence. They would thus be required to gain operator accreditation and would be responsible for the licence and its operation. If they did enter into an informal leasing arrangement, and nominated a 'responsible officer' or an agent under accreditation, who would manage the day-to-day operation of the licence, the owner, as responsible operator, would still be ultimately responsible for the licence. They would need to satisfy themselves that their responsible officer or agent would act appropriately, as if there was a breach of the conditions of accreditation, the licence owner would be responsible for this and could have their accreditation suspended or cancelled as a result. This would mean that they could no longer operate their licence. While this would be unlikely to stop informal leasing completely, the additional responsibility placed on owners and the legal consequences for them if there are any breaches of accreditation, might act as a deterrent for new investor-owners entering the market.

However, such a prohibition is unlikely to be a practical solution, at least in the short term. Given the large number of leased licences in Hobart and Launceston, a ban on leasing would require about two-thirds of the licences to be sold to new operators or for the owners to become

accredited. It is unlikely that many existing lessee operators could afford to buy the licences outright, especially those operating a number of licences. This requirement would have the potential to have a significant negative impact on services unless it was phased in over a period of time to enable those owners seeking accreditation to become accredited. An alternative might be to make this requirement prospective rather than retrospective, so that it only applied to new licence owners and thus only to licences sold after the introduction of the requirement.

The alternative to prohibiting leasing, issuing new plates on a lease basis from the Government to operators or drivers rather than to investors, would also create two classes of licence – licences leased privately and licences leased from the Government. In this case, however, the Government, rather than an investor, would receive the lease payment. It could be argued that this would merely duplicate the problem that currently exists, with operators still having to pay lease fees, which would mean that they still were unable to own their own licence. One means of mitigating this would be to ensure that lease fees were below market rates, as is the case in WA, which would assist these operators financially. A case might be able to be made for lease fees to be used for the promotion and development of the industry, so that these operators were contributing in a positive way to the industry, rather than returning lease fees to an outside investor. A further alternative might be for leased licences to be converted to perpetual licences after a specified number of years, so that ultimately the operator would own a licence.

In terms of compliance with NCP principles, the issue of new leased plates could take the place of the current requirement for the sale of new perpetual licences. In fact, this could be argued to be easing entry restrictions further than would be achieved by the sale of new plates, as the lease rates, below market value, could be expected to provide for easier access to the market for new entrants than would the requirement to purchase a new licence at the AMV, which in some areas is not affordable for the average taxi driver or operator.

A case for prohibiting the lease of perpetual taxi licences could also be developed along these lines – i.e. that high lease rates prevent competition in the provision of services and on price, as operators are receiving such low returns after paying for their licences, they are not in a position to offer cheaper fares or more innovative services, which would further diminish their returns.

#### **3.3.4. Regulation of leases**

Such an argument could also be used to justify the regulation of lease arrangements, in particular a maximum lease fee. The Reference Group discussed this issue at its meeting of 12 January 2006. While there was little support for the regulation of the content of leases (as this was seen as a commercial arrangement between an owner and a lessee) there was some support for the regulation of the maximum amount able to be charged by a licence owner. This would ensure some certainty for operators in terms of managing their businesses, and would

ensure that lease rates could not get so high as to severely diminish returns to operators and drivers to the extent that the business becomes marginal.

Any restrictions on the issue or leasing of licences would need to be carefully considered in the light of the National Competition Policy (NCP) principles, which in part require that the benefits of any legislative restrictions must outweigh the costs. In this case, as noted above, it could be argued that the main cost of such a restriction would be on the licence owner, in that they could not continue to increase lease prices in the face of continuously rising costs and pressure on operators. On the other hand, there would be significant benefits to both the public and to the industry through lower lease fees due to improved returns to operators and hence greater opportunity for fare discounting and improvements to service levels.

However, such regulation would be difficult to monitor, as it is possible that owners could ask for an 'official' lease payment of the regulated maximum rate, but require a further 'under the table' payment. If an operator was not prepared to make this payment, it is likely that the owner could find an operator who would pay this amount. Thus the situation would be no different from that which currently exists, with owners reportedly terminating leases with operators only to commence new leases with new operators at higher rates.

Ultimately, it is unlikely that lease rates will be reduced until either (i) operators consistently refuse to enter into leases with such high rates, forcing owners to drop their rates, or (ii) a large number of operators are forced out of business because of high lease payments, significantly reducing the pool of available operators.

#### **3.3.5. Questions**

8. What would be the advantages and disadvantages of changing the provision for perpetual taxi licences to be the personal property of the licence holder? Would this have a negative effect on individual operators who owned their own licences?
9. What would be the benefits of requiring potential holders of perpetual taxi licences to be deemed 'fit and proper' before they can hold a licence? Would there be any costs?
10. Does the industry see the AMV as the actual (or even maximum) sale price of a licence? Does the AMV affect the price at which an owner would be prepared to buy or sell a licence and does this differ between the larger areas and the smaller areas?
11. Is the AMV a suitable instrument to determine a reserve price for the sale of new perpetual licences, or does it decrease the market's ability to set realistic licence prices?

12. Is the AMV the appropriate reserve price for the issue of new perpetual licences, or should they be issued at a price above or below the AMV? Why? Should this differ between areas (for example, in areas where there have been no trades could the highest tender be accepted, regardless of whether it is above the AMV)?
13. Alternatively, should the concept of the AMV be abandoned, with all future licences to be issued to the highest tenderer/s? How would this affect licence values in the market?
14. Is a tender process the most effective way to allocate new perpetual licences or should new licences be made available through a ballot process at the AMV? What effect would this have on sale prices on the open market?
15. Should criteria other than the tendered price be used in allocating new licences? What criteria might be used and why?
16. What are the arguments in favour of the existing licensing arrangements, in which a substantial amount of the revenue that is earned from the operation of many licences goes directly to investor licence owners in the form of lease fees? Some licence owners play no active role in the industry and reside outside of Tasmania.
17. Would prohibiting leasing for new licences be an appropriate means by which operators could be encouraged to take up new licences? Should new licences be leased from the Government rather than sold to further encourage operator take-up of licences?
18. If leasing were prohibited, should this apply to existing licences as well as new licences, and if so, how could this be introduced without disrupting services?
19. How could 'informal' leasing be controlled or prevented? Would requiring the licence owner to be the responsible operator of the licence overcome some of the problems associated with leasing?
20. Would regulating maximum lease rates be successful in assisting operators to improve their returns? What would be the benefits to consumers? Are there alternatives to such regulation?

### **3.4. Operation of perpetual taxi licences**

The Act does not require that a licence owner ensures that their perpetual taxi licence is operated, either by themselves or by a lessee operator. Thus there is the potential for an owner

to keep their licence/s 'on the shelf'. There is also no prescription in the Act that services be provided at any particular time, or on all or any particular days.

At the meeting of 16 March 2006, some members of the Reference Group expressed a view that there should be an obligation on a licence owner to either provide a service, or to ensure that their licence is operated. There are actually two elements of such a suggestion – (i) whether licences on issue should be required to be operated; and (ii) what would be deemed to be an acceptable level of operation for such a requirement to be met.

#### **3.4.1. Requirement to operate a licence**

There could be a number of reasons why a licence owner might choose not to operate their licence. First, the owner might have operated the licence in the past, but has found that there is no present need for the licence to be operated due, for example, to a drop in demand for the taxi service. However, they may choose to keep the licence, with the intention of reactivating it if and when demand increases and they can justify adding another taxi to their service. DIER understands that some non-metropolitan operators are in this situation. There would be no reason for an owner in this situation to return the licence to the Transport Commission and have it reissued when they need it, as the Act does not provide for this to occur. If the owner returned the licence to the Commission, they would receive no payment or compensation for the licence, and under the current arrangements for licence issue, would have to tender for a new licence as part of the annual release, with no guarantee that they would be successful.

A further reason for not operating a licence might be if the owner has purchased it as an investment, with the intention that it would increase in value over time, and thus provide an increased return to the owner on its sale. However, it is unlikely that an owner would hold a licence for this reason and not seek to derive some return through leasing it. A more likely scenario would be for an operator with a monopoly taxi service (i.e. the operator owns all licences on issue in an area) to purchase any new licences made available to prevent them from being bought and operated by a competitor. However, given the small number of licences taken up over 2004–2006, it is unlikely that this is occurring to any large degree.

It is likely that operators holding licences that they did not operate, at least in the non-metropolitan areas and possibly also in Burnie and Devonport, would hold them for a combination of both reasons, with the primary reason likely to be that there is simply insufficient demand for taxis in the area to justify operating the licence and no benefit to the operator in returning the licence to the Commission.

The arguments for requiring licences to be operated would seem to be around the view that by not operating a licence, an owner is denying a service to taxi users that they otherwise would

have and preventing others from providing such a service. It could be argued that a taxi licence is issued so that a taxi service can be operated under that licence, and if there is no intention to provide such a service or no requirement for that service, then the licence should be revoked.

### **3.4.2. Level of operation**

Tasmania does not require operators to provide a 24 hours a day, seven days per week (24/7) service. Some members of the Reference Group have suggested that there should be such a requirement. It is argued that taxis provide an essential public transport service that supplements other forms of public transport, such as for people who cannot access other forms of transport and during times when other public transport is not available (e.g. late nights and early mornings). However, some operators work part-time and choose to work hours that suit them. For instance, some city operators might decide not to work Friday nights because they do not want to carry nightclub patrons who might be more risky passengers in terms of the potential to damage or soil the vehicle or as potential fare evaders. Some members of the industry have argued that this reduces the supply of taxis in peak periods, thus creating an impression that there is unmet demand when, in reality, this demand could be met if all taxis were required to operate during these times.

However, while this might be a valid reason to require a 24/7 service, it is probably unnecessary for all taxis to be in service when demand is very low, such as early on weekday mornings. At these times, it is likely that only a small number of taxis would be needed, and even then, this would only be the case in the major cities. Conversely, waiting on the streets for work comes at a cost to the operator, and if all taxis were 'on duty' at these times, the number of fares available would be unlikely to cover any single operator's costs for that time.

An alternative to regulating a 24/7 availability might be for specific hours of operation, where demand is known to be high, to be regulated, with availability during other hours to be left to the discretion of individual operators. This would enable operators to assess whether, during times of low demand, they could justify being on the road or whether there were already sufficient taxis available to meet demand and that it would be unlikely to be profitable for them to go out. However, it would not address the preference of some operators not to work the more 'unsociable' hours, which, although more lucrative in terms of demand, may be less desirable due to the taxi clientele during those hours.

In its final report on country taxis, the Victorian Country Taxi Industry Review Working Group considered operating hours. It noted that current licence conditions required taxis to be 'available for service on a continuous basis' and that operators believed that this condition required the service to be available 24/7. A number of smaller operators identified this as an 'unreasonable hardship' on the grounds that there is little demand for taxis during some periods,



the few calls that are received late at night can be disruptive to the operator's routine and sleep, and that no other businesses (e.g. chemists) have similar obligations<sup>148</sup>.

Non-metropolitan operators in Tasmania have indicated to DIER that the situation is the same in Tasmania – i.e. that there is little demand for taxis during nights and early mornings (other than Friday and Saturday nights) – and that operators will generally attempt to accommodate requests for bookings outside normal operating hours if these are pre-booked. The issue of 24/7 operation is thus not seen as a significant issue in these areas.

The Working Group considered that a 24/7 requirement should not be too onerous for large operators in large country towns (and presumably metropolitan and urban operators), but that defining 'core operating hours' for every location across the State would be difficult. Rather, it suggested that the local operator, 'in consultation with the local community, was best qualified to determine the hours most appropriate for their own community'. It proposed guidelines for determining such hours, including requirements for the operating hours to be advertised and for services to be available for at least an hour after the closing time of licensed venues and for an hour before and after the scheduled arrival of public transport services<sup>149</sup>.

The Working Group recommended that there be a default 24/7 requirement for all taxis and that individual operators should have the opportunity to apply for more limited operating hours within the suggested guidelines. The Working Group also considered that where operators operated for limited hours, it should be expected that they would not unreasonably refuse bookings outside these hours, provided that the booking was made in advance, but that if they chose to refuse a booking, they should be permitted under their licence conditions to do so<sup>150</sup>.

### 3.4.3. Questions

21. Should all taxi licences be required to be operated or returned to the Transport Commission? Why or why not?
22. What would be the effect of requiring all taxis to be operated on a 24/7 basis? Would this be sustainable? Why or why not?
23. What are the alternative to requiring all taxis to be operated 24/7? How can a balance be struck between the need to provide services at times of peak demand and the work preferences of operators?

<sup>148</sup> Victorian Country Taxi Industry Review Working Group: *Country Taxi Review*, Final Report, May 2006, page 28.

<sup>149</sup> *ibid.*, page 29.

<sup>150</sup> *ibid.*, page 30.

24. Should the requirements for hours of operation be the same for non-metropolitan taxis as for metropolitan taxis? How might they differ and why?

## 4. Further information

The *Taxi and Luxury Hire Car Industries Act 1995* Review Project is being conducted by the Passenger Transport Policy Branch of the Department of Infrastructure, Energy and Resources (DIER).

The Taxi Industry Reference Group is meeting over the course of 2006 to consider a range of issues that will inform the rewriting of the *Taxi and Luxury Hire Car Industries Act 1995*, the *Taxi Industry Regulations 1996* and the *Taxi Industry (Taxi Areas) Regulations 1996*. The issues being considered are:

- Fare setting mechanisms and driver pay & conditions
- Taxis in rural areas, including links to community transport
- Wheelchair accessible taxis
- Taxi and luxury hire car accreditation under the Passenger Transport Act/ Industry code of conduct
- Interaction between taxis and luxury hire cars
- Role of radio rooms
- Taxi areas
- Review of National Competition Policy changes to the *Taxi and Luxury Hire Car Industries Act 1995*
- Administrative and enforcement provisions of the *Taxi and Luxury Hire Car Industries Act 1995* and the *Taxi Industry Regulations 1996*.

The discussion papers are available on DIER's website at [www.transport.tas.gov.au/miscellaneous/taxi\\_review.html](http://www.transport.tas.gov.au/miscellaneous/taxi_review.html). Members of the taxi industry wishing to contribute their views to the project should contact one of the industry representatives on the Reference Group, or can provide written submissions to DIER. Members of the public who wish to contribute can email their submissions to [taxi.review@dier.tas.gov.au](mailto:taxi.review@dier.tas.gov.au) or mail hard copies to the address below.

Further information on the project can be obtained from:

Taxi Industry Legislation Review  
Passenger Transport Policy Branch  
Department of Infrastructure, Energy and Resources  
GPO Box 936  
HOBART TAS 7001  
Phone: (03) 6233 2865

Email: [taxi.review@dier.tas.gov.au](mailto:taxi.review@dier.tas.gov.au)



Review of the  
*Taxi and Luxury Hire Car Industries Act 1995*

Review of Perpetual Licensing

**Appendices**

## Appendix 1: Glossary of Terms

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### Legislation

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DDA	<i>Disability Discrimination Act 1992 (Commonwealth)</i>
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JR Act	<i>Judicial Review Act 2000</i>
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Passenger Transport Act, PT Act	<i>Passenger Transport Act 1997</i>
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PT Regulations	<i>Passenger Transport Regulations 2000</i>
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SLA	<i>Subordinate Legislation Act 1992</i>
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The Act	<i>Taxi and Luxury Hire Car Industries Act 1995</i>
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The Amendment Act	<i>Taxi and Luxury Hire Car Industries Amendment Act 2003</i>
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The Regulations	<i>Taxi Industry Regulations 1996</i>
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### Acronyms

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ACT	Australian Capital Territory
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ADR	Australian Design Rules
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AMV	Assessed market value
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DIER	Department of Infrastructure, Energy and Resources
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ESC	Essential Services Commission Victoria
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NCC	National Competition Council
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NCP	National Competition Policy
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NSW	New South Wales
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RTA	Road Transport Authority (ACT)
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SA	South Australia
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TAS	Transport Access Scheme
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VTD	Victorian Taxi Directorate
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WA	Western Australia
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WAT	Wheelchair accessible taxi
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## Appendix 2: Resources

Australian Capital Territory, Road Transport (Public Passenger Services) (Maximum Numbers of Taxi Licences) Determination 2006 (No 1), Notifiable Instrument NI2006-74.

ACT Government, Road Transport Authority, Department of Urban Services: Ballot of Defined Rights for Transferrable Taxi Licences 19 April 2006 Information Sheet (sourced from [www.transport.act.gov.au/publictransportpolicy/taxi/taxi\\_licence\\_ballot](http://www.transport.act.gov.au/publictransportpolicy/taxi/taxi_licence_ballot) accessed 24 May 2006).

Deighton-Smith, Rex: *Reforming the Taxi Industry in Australia*, National Competition Council, Staff Discussion Paper, November 2000.

Department of Infrastructure, Energy and Resources, Review of the *Taxi and Luxury Hire Car Industries Act 1995*, Paper 2 – Taxi Fare Setting Mechanisms and Driver Pay and Conditions, Discussion Paper, December 2005.

Department of Infrastructure, Energy and Resources, Review of the *Taxi and Luxury Hire Car Industries Act 1995*, Paper 5 – Operator Accreditation, Discussion Paper, March 2006.

Department of Infrastructure, Energy and Resources, Review of the *Taxi and Luxury Hire Car Industries Act 1995*, Paper 8 – Taxi Areas, Discussion Paper, July 2006.

National Competition Council: *Assessment of governments' progress in implementing the National Competition Policy and related reforms*, Melbourne, 2005.

National Competition Council: *Assessment of governments' progress in implementing the National Competition Policy and related reforms: Volume 1: Assessment*, Melbourne 2004.

National Competition Council: *Assessment of governments' progress in implementing the National Competition Policy and related reforms: Volume two – Legislation review and reform*, Ausinfo, Canberra, 2003.

Northern Territory Government Motor Vehicle Registry Information Bulletin CPV09 Taxi Licence, effective 23 March 2006, (sourced from [www.ipe.nt.gov.au/whatwedo/taxis/information-bulletins.html](http://www.ipe.nt.gov.au/whatwedo/taxis/information-bulletins.html) accessed 1 June 2006).

Productivity Commission: *Regulation of the Taxi Industry*, AusInfo, Canberra, 1999.

Taxi Industry Review Group: *Review of Taxi and Luxury Hire Car Legislation in Tasmania*, Discussion Paper, July 1999.

Taxi Industry Review Group: *Taxi Industry Act 1995 and luxury hire car legislation* Regulatory Impact Statement, April 2000

Victorian Country Taxi Industry Review Working Group, *Country Taxi Review Final Report*, May 2006 (sourced from [www.doi.vic.gov.au/DOI/Internet/vehicles.nsf/AllDocs/B8CD9A295CA266E5CA257068001BD987?OpenDocument](http://www.doi.vic.gov.au/DOI/Internet/vehicles.nsf/AllDocs/B8CD9A295CA266E5CA257068001BD987?OpenDocument) accessed 2 June 2006).