

Taxi and Hire Vehicle Industries Review

Review Report

October 2018

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1. Introduction

1.1 Aim of the review

The Taxi and Hire Vehicle Industries (THVI) review aims to modernise the regulatory framework underpinning on-demand passenger transport services in Tasmania, and, in doing so, ensure the safety, efficiency and accessibility of on-demand passenger transport services.

1.2 Aim of the report

The aim of this report is to provide a summary of the research conducted and the findings of the review. Each section of the review report provides a description of the work undertaken, a summary of analysis, and key findings from each tranche of work. The summary of findings provided in section 2 organises the key findings in line with the major areas of review: supply, fares, operators, drivers, vehicles, and compliance and enforcement.

A separate proposals paper has been prepared that translates the review findings into a proposed framework.

1.3 Background

On 30 October 2015, the Tasmanian Premier, the Hon Will Hodgman MP, committed to modernising the regulatory framework for taxi and hire vehicles via a two-stage process which included:

1. introducing legislation to enable the lawful operation of ride-sourcing services in Tasmania; and
2. undertaking a comprehensive review of the current legislative framework for taxi and hire vehicle services in Tasmania.

Legislation to facilitate the operation of ride-sourcing services, subject to a range of regulatory controls, passed the Tasmanian Parliament in August 2016. With this commitment delivered, the Department of State Growth (State Growth) then commenced the THVI review (the review).

The review began in December 2016 and has focused on supply, fares, operators, vehicles, drivers, and compliance and enforcement. The review has comprised consultation, market research, incidental stakeholder engagement, and research and analysis of the national and international experience.

A review of the arrangements underpinning wheelchair accessible services was carried out separately to the review. Its findings, however have fed into this report.

The policy objectives of the review were to:

- 1) protect the safety of passengers and drivers;
- 2) promote greater competition and consumer choice;
- 3) provide for the adequate delivery of accessible services, particularly for Tasmanians with certain needs arising from disability or age;
- 4) position for emerging technologies and service models; and
- 5) pare back, where possible and appropriate, the overall regulatory burden on the industries.

1.4 Terminology

On-demand passenger transport

On-demand passenger transport describes transport services that collect passengers on demand and deliver them to a specified place. These services include taxi, luxury hire, tour, restricted hire and ride-source services. On-demand passenger transport services are different to regular passenger services that operate to a pre-determined schedule such as bus services.

Booked services

Booked services are a sub-set of on-demand passenger transport services. Booked services are requested by a passenger in advance (sometimes only slightly) either by telephone, app, website or email. Booked services are separate to rank services where a taxi waits for passengers in a designated rank, or hailed services where a passenger hails a passing taxi in the street. Only taxis are permitted to provide rank and hail services.

2. Summary of findings

As described in section 1.2, this report is organised around the major work pieces undertaken as part of the review: a review of the background and recent history of the on-demand passenger transport sector, a review of national and international experiences, stakeholder consultation, a review of the interim arrangements currently in place that underpin the lawful operation of ride-sourcing in Tasmania and independent market research.

The key findings from each component of the review have been extracted and organised in this section in line with the key areas of interest to the review: supply, fares, operators, drivers, vehicles, and compliance and enforcement. There are also some findings that are general in nature and do not relate specifically to the core pillars of the on-demand passenger transport framework.

Table 1: Summary of key findings

Area	Ref.	Finding
Supply	1	There are opportunities to improve competition and reduce red tape associated with the on-demand passenger transport sector through the removal of taxi areas and streamlining licence arrangements for booked services.
	2	The removal of supply constraints would offer opportunities to industry and consumers. A staged and cautious approach to the deregulation of supply is appropriate in the current environment, with the timing and stages to be the subject of further consultation.
	13	Wheelchair accessible taxi (WAT) licences should remain available in uncapped numbers and at the cost of the licence application.
	4	Fewer regulatory restrictions gives businesses a better opportunity to provide services targeted at niche markets.
Fares	5	Fare deregulation should only apply to booked services and should only be introduced where there is sufficient competition and with adequate consumer protections.
	6	Where there is sufficient competition to ensure efficient pricing, operators should have the flexibility to offer pricing arrangements that align with the preferences of their target customers.
	14	The tariff for WAT services should equal the tariff for regular services.
Operators	7	Booking services providers, including ride-source platform providers and taxi dispatch services, should be incorporated into the legislative framework and accredited.
Drivers	10	Giving operators the responsibility for ensuring that drivers are adequately trained would increase flexibility for industry without compromising safety standards.
Vehicles	11	Age limits and minimum ANCAP rating should be applied to vehicles providing on-demand passenger transport services. Specific exemptions

		should apply for unique, classic or customised cars and wheelchair accessible vehicles.
Compliance and enforcement	9	The safety of all service offerings is a priority among consumers, and consumers share the view that all services should meet the same safety standards and requirements.
	12	A chain of accountability approach to compliance and enforcement has the potential to enhance industry safety.
General	3	While there are commonalities in the ways that jurisdictions are reforming their on-demand passenger transport sectors, each approach reflects the different environment and context of each jurisdiction.
	8	The interim arrangements have been satisfactory insofar as they have accommodated the smooth introduction of ride-sourcing into the State. However, a fully integrated and cohesive framework is required to underpin the sector in the long term.
	15	There would be value in investigating the development of a new program to offer user subsidies for wheelchair-reliant Tasmanians who are not currently eligible for the Transport Access Scheme (TAS) Taxi Subsidy Program.
	16	Operator/driver subsidies should be increased and incentives put in place to ensure that there are adequate incentives to provide high quality WAT services.

3. Summary of review

3.1 Evolution of the regulatory framework in Tasmania

3.1.1 Description

An important starting point for the review was to consider the background and history of the taxi and hire vehicle industries in Tasmania. This process helped to understand how the industry has come to be where it is and provided context for the review.

There has been constant evolution over the past 25 years in response to the constantly changing environment, and the changing expectations of the industry, the community and governments. Following is a summary of the key changes to legislation over the past 25 years.

1995 Reforms

A 1993 review of the sector identified a need to reduce regulation of taxi services, act on a perceived oversupply of taxi licences and introduce a new licensing system. The 1993 review underpinned the development of the (then) *Taxi Industry Act 1995*. This Act replaced former public vehicle cab/taxicab licences with perpetual taxi licences (PTLs). The new licence type required a change to the way that licences were obtained: while the old public vehicle taxi licences required an application to be made to the Transport Commission, with the application being assessed against set criteria and issued on the basis of need at a set price, the newly introduced PTLs were available on application at a capped price.

The capped price was the selling price for new PTLs from the Commission, and was calculated as the average market sale price in the respective licensing area in the preceding 12 months prior to the commencement of the new Act. Each taxi area under the 1995 Act had a capped price for a new PTL.

The 1995 Act provided that the Commission ‘may’ issue new PTLs. However, in practice, new licences would only 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.

A cab licence buy-back was part of the new 1995 Act, where the Commission offered the licensee the higher of the market price or the “capped price”. The buy-back was a major selling point of the new Act, to try and reduce the number of licences. The buy-back period was the same period concurrently as the conversion period (six months).

The making of the regulations caused a significant delay between Royal Assent of the 1995 Act and its commencement date (18 months). During this time the market price, especially in Hobart, had overtaken the capped price as regulated. Hence the buyback was unsuccessful – only two Hobart licences were “bought back” by the Commission at the capped price for a Hobart PTL.

1999 Reforms

In 1999, the Act was significantly amended to incorporate regulation of luxury hire cars through the *Taxi and Luxury Hire Car Industries Reform Act 1999*. Prior to the 1999 reforms, luxury hire cars were

licensed as public vehicles under the *Traffic Act 1925*. Following the reforms, luxury hire cars were regulated so they could be distinguished from taxis. Major features of the new legislation included:

- licensing arrangements specific to luxury hire cars including no constraints on the number of licences available and no geographic constraints; and
- the removal of geographic constraints on luxury hire car services;

2003 Reforms

Also in 1999, the *Taxi and Hire Vehicle Industries Act 1995* was assessed for its compliance with the principles of National Competition Policy. As a result of the 1999 review, amendments passed through Parliament in 2003 that included the requirement that a specified number of new perpetual taxi licences 'must' be made available every year (thereby removing the discretion that the Commission had under the previous legislation), and a provision was made for the introduction of WATs. WATs were introduced to assist the taxi industry to meet its obligations under Commonwealth Disability Discrimination legislation.

The amending Act also provided for a two-year moratorium (effective for 2004 and 2005) on the issue of new PTLs in metropolitan taxi areas (Hobart, Launceston, Devonport and Burnie). The purpose of the moratorium was to facilitate the introduction of WATs.

The amending Act also provided the power, subject to an assessment of the adequacy of services available to wheelchair reliant travellers, to extend the moratorium for a period not exceeding 12 months. This option was taken up and new metropolitan PTLs were not again available until 2007.

Between 2003 and 2006, when no new PTLs were released, the official value of licences in Hobart rose by 50 per cent. This rise in value did not reflect a change in demand for taxi services. It reflected the investment return available relative to other investments over that period.

The release of PTLs in metropolitan taxi areas in 2007 was the first and last tender process for these markets, and was the first time new licences were issued for metropolitan taxi areas in over 20 years.

2008 Reforms

A 2006 review of the taxi and hire vehicle industries recommended further changes to taxi licensing. As a result of the 2006 review, amendments to the Act in 2008 brought an end to the issue of PTLs and introduced owner-operator taxi licences. Unlike PTLs, owner-operator taxi licences could only be operated by the owner, they could not be leased and they could be cancelled. These amendments also sought to further clarify the distinction between taxis and hire vehicles.

2016 Amendments

In 2016, the *Taxi and Hire Vehicle Industries Act 2008* was amended to enable the introduction of ride-sourcing in Tasmania. The 2016 amendments enabled a person, vehicle or service that is exempt from Section 10 of the *Passenger Transport Services Act 2011* to carry a person, for financial consideration, without a taxi or hire car licence without fear of committing an offence. The legislative amendment was supported by an Exemption Notice issued by the Transport Commissioner, under section 64(1) of the *Passenger Transport Services Act 2011*, that grants to each registered operator of a ride-sourcing vehicle an exemption from the operation of section 10 of the Act. The Exemption Notice defines a range of requirements that must be met in order for the Exemption to apply.

Current licensing arrangements

The current licensing arrangements can be summarised as follows:

- Owner-operator taxi licences (OOTLs) are made available via an annual tender process, whereby the number of licences in each of Tasmania's 24 taxi areas to be offered, as well as the minimum (reserve) price for those licences is prescribed by the Government. These licences may only be operated by a Government-accredited passenger transport operator and cannot be leased.
- WAT licences are available on an 'as of right' basis to an accredited passenger transport operator at no cost. WAT licences can be acquired at any time and total number of available licences is uncapped. However, as with all other forms of taxi licences, the licences are restricted for use within, to or from the taxi area in which they are issued.
- PTLs may be bought and sold on the open market but are no longer issued by the Government. These licences do not need to be operated by the licence owner (that is, they can be leased to an accredited operator to operate the taxi service) and may be traded. While PTLs are no longer issued, they still comprise the majority of active licences in Tasmania.
- Hire vehicle licences (including luxury hire car and restricted hire vehicle licences) are available on an 'as of right' basis to an accredited passenger transport operator and authorise the licence holder to provide booked services anywhere in Tasmania. There are significant restrictions on the types of vehicles that are eligible to be used to provide luxury and restricted hire vehicle services, which effectively prevents direct competition with taxis across most of the booked market.
- Ride-sourcing service providers do not require a taxi or hire vehicle licence, but are nonetheless subject to a range of regulatory constraints.

3.1.2 Summary of analysis

At each stage, reforms of the taxi and hire vehicle industries have aimed to increase competition, reduce costs, improve availability and accessibility of service and reduce regulatory restrictions. In seeking to achieve these objectives, legislative changes have consistently targeted supply of taxi licences.

In spite of continuous refinement over 25 years that has led to the licensing system summarised above, there remain features of the framework that undermine competition and efficiency. For example, there are significant barriers to entry to the taxi market including limits on the number of licences released and the high cost of taxi licences, there are geographic constraints placed on licences that limit the areas that taxis can service, there are specific requirements of luxury hire vehicles which create a barrier to entry due to the high cost of meeting the luxury specifications, and taxi plate lease costs which increase operating costs.

It is possible to look at the features of the current framework that undermine competition and efficiency and re-construct them as opportunities for a future framework, such as:

- rationalising or removing taxi area boundaries to allow for greater flexibility of operation around the State; and
- streamlining and rationalising licensing arrangements for booked vehicles (for example, simplifying categories, removing prescriptive vehicle requirements, accommodating ride-sourcing as another form of booked hire vehicle) to allow hire vehicles greater latitude to be more competitive.

The rationalisation or removal of taxi area boundaries would benefit taxi operators by allowing them to compete for a larger pool of customers and by providing the opportunity to deliver tailored services to niche markets that arise in a larger pool of customers. It would also benefit consumers by giving them greater choice among various taxi services.

Streamlining licensing arrangements would see significant simplification of the framework. Currently the legislation provides for taxi licences, luxury hire car licences and restricted hire vehicle licences, and separate arrangements have been devised to accommodate ride-sourcing. The differentiation of the service types does not serve to improve safety, competition or accessibility. The key difference between these services types is that taxis can provide booked, rank and hail services while all other on-demand passenger transport services must be booked. As this is the major point of difference, it would make sense to define the service types accordingly.

There are strong arguments for the removal of supply constraints. The general consensus among the literature is that entry restrictions remove incentives to be innovative, artificially suppress the number of taxis, increase wait times and increase fares, and, on this basis, should be removed. However, it is important to consider that supply restrictions have been in place for a prolonged period. Accordingly, it makes sense to remove supply restrictions over an extended period so as not to shock the market.

There have been moves in Tasmania to allow for the increase of supply. Reforms in 2008 introduced OOTLs with a reserve value set below the market value and a requirement that new OOTLs be released every year. These reforms were a clear signal of an intention to gradually decrease the value and increase the supply of taxi licences in Tasmania.

Allowing the market to dictate the quantity of taxi licences should remain the long-run goal. However, in the short term a gradual approach to deregulation of supply is appropriate. There are a number of approaches as to how this can be achieved and the timing and stages for deregulation should be the subject of further consultation with industry.

3.1.3 Key findings

1. There are opportunities to improve competition and reduce red tape associated with the on-demand passenger transport sector through the removal of taxi areas and streamlining licence arrangements for booked services.

2. The removal of supply constraints would offer opportunities to industry and consumers. A staged and cautious approach to the deregulation of supply is appropriate in the current environment, with the timing and stages to be the subject of further consultation.

3.2 National and international research and analysis

3.2.1 Description

The taxi and hire vehicle industries across Australia and overseas are undergoing dramatic change. These changes provide a wealth of information to draw on. Desktop research has reviewed the changes that have been implemented, or are expected to be implemented, in other Australian jurisdictions.

To summarise, some of the common elements across jurisdictions include:

- preservation of the demarcation between the rank and hail and booked markets, with the former being exclusively reserved for taxis;

- rationalisation and streamlining of licence categories – including non-taxi hire vehicles – to allow for greater flexibility in service models;
- removing prescriptive vehicle requirements for particular licence types (e.g. ‘luxury’ vehicles), allowing for greater competition and more diverse product offerings in the booked market;
- legalisation of ride-sourcing services as an accepted and regulated type of booked hire vehicle;
- regulation of ride-sourcing platform providers requiring accreditation of such entities in the same way that other on-demand passenger transport entities are accredited;
- reduction of licence costs – both initial and ongoing – to reflect efficient regulatory costs;
- deregulation of fares for booked services only;
- removal of age maximums and minimums applied to vehicles;
- annual road-worthiness inspections; and
- deregulation of driver training requirements.

3.2.2 Summary of analysis

Until recently, governments across Australia and around the world have a long history of regulating all aspects in the provision of taxi services. However, the existing frameworks did not adequately accommodate the emergence of new technologies, business models, and changing consumer expectations. Changes to the industry have necessitated reviews of why and how on-demand passenger transport services are regulated.

Broadly, on-demand transport services fall into two categories: those which are booked by the customer, whether it is through phone, website, a smartphone app, or other means; and those that are able to be hailed or hired from a rank. Where a customer books a service, there is a record of the customer and their journey. When a taxi is hailed or taken from a rank, the experience is anonymous, and there is no record of the customer or their journey. Accordingly, while the reforms have tried to even the playing field between services in the market, different levels of regulation are justified for booked versus rank and hail services, which has been reflected across jurisdictions. These principally relate to vehicle requirements, for example the addition of a security camera in rank and hail vehicles; and in fare regulation (discussed in Section 3.3.2).

As noted above, there are a number of common elements to reforms across Australian states and territories. Where jurisdictions vary most is in their approach to the supply of taxi licensing, which range from incremental reforms to full market liberalisation.

The prevailing consensus among economists and regulatory policy experts, both in Australia and internationally, is that supply caps on taxi and hire vehicle services are unnecessary, inefficient and costly to consumers.

However, it is important to note that liberalisation of supply controls does not mean abandoning regulatory controls relating to safety or consumer protection. Where issues have arisen following market deregulation, the OECD suggests that these can often be attributed to a poorly managed transition process.

As discussed in section 3.1.2, Tasmania has been taking a gradual approach to the removal of supply constraints. There are strong arguments for the removal of supply constraints but these must be balanced with the context and environment in which the sector is operating. A gradual approach to the deregulation of supply is considered an appropriate way forward in the current Tasmanian context.

3.2.3 Key findings

3. While there are commonalities in the ways that jurisdictions are reforming their on-demand passenger transport sectors, each approach reflects the different environment and context of each jurisdiction.

3.3 Consultation findings

3.3.1 Description

Major consultations as part of the review have included an invitation for written submissions to be provided between December 2016 and March 2017 and targeted consultations that were held in November 2017. Separately, there has also been a stakeholder roundtable and ad hoc engagement with stakeholders.

On 15 December 2016, the Department of State Growth (State Growth) released a Consultation Paper and supporting Background Paper as the first step in the process to gather stakeholder feedback on the future direction and design of Tasmania's taxi and hire vehicle industries regulatory framework.

The Consultation Paper set out the context, objectives and underlying principles driving the review and posed a series of high-level policy questions in relation to a range of issues, challenges and opportunities identified in the current and potential future regulatory framework.

State Growth received 18 written submissions in response to the Consultation Paper. A summary of submissions was prepared and published on State Growth's website to summarise the key themes and messages emanating from submissions. The summary report and all submissions are available in full on the State Growth website at www.stategrowth.tas.gov.au/taxireview. The analysis below as it relates to written submissions is drawn from the summary report.

Targeted consultation was carried out in November 2017 with representatives from groups that had made submissions to the original consultation. These included Equal Opportunity Tasmania, TasCOSS, ParaQuad, the Tasmanian Taxi Council and Uber (as the only ride-source platform provider operating in the State at the time). An additional party that participated in the consultation was Community Transport Services Tasmania.

The targeted consultations presented an opportunity to meet with stakeholders and talk about changes that were being implemented in other jurisdictions. Discussion focused on how different approaches being adopted elsewhere might translate into the Tasmanian context. Section 3.2 describes the different approaches being taken in different Australian jurisdictions.

The discussions at the targeted consultation sessions also allowed the review team to further explore positions that stakeholders had put forward in their written submissions from earlier in the year, particularly in the context of changes being made across the country.

3.3.2 Summary of analysis

The written submission process revealed that there was a high level of support for the overall objectives and principles driving the review process. In particular, the principle of equitable, consistent and transparent regulatory treatment of services across the industry resonated extremely strongly and formed the basis of stakeholders' positions on key issues.

However, there was no clear consensus among written submissions with regard to how these objectives and principles are best achieved via practical regulatory measures. In particular, some

stakeholders believed that the industry would be improved by a reversion to a regulatory framework with the 'Government at the centre', while others like Uber and the Tasmanian Taxi Council advocated for the potential benefits that a more flexible, outcomes-based co-regulatory approach might offer.

There was strong support from incumbent operators for Government control of overall supply in the industry via taxi licensing. However, no compelling arguments or evidence were provided in submissions to support supply controls in the industry on safety, consumer protection or even industry viability grounds. It appears that support for ongoing supply controls is largely – and understandably – motivated by the direct financial interests of existing licence holders.

There was no clear consensus regarding stakeholders' preferred approach to fare regulation. Most stakeholders appeared to believe that some form of fare regulation for taxis needed to be retained for consumer protection reasons. For some stakeholders, the issue of fare regulation was more important from the perspective of a driver's potential earnings.

Stakeholders typically supported the Government retaining a clear and strong role in regulating the taxi and hire vehicle industries to ensure the maintenance of minimum safety standards. Process streamlining and 'red-tape' reduction is generally supported on the condition that overall safety outcomes are not unreasonably compromised.

There was a high level of support for an efficient, outcomes-based approach to compliance monitoring and enforcement regime, under which unlawful operators have a high risk of being detected and where penalties are stringent enough to encourage regulatory compliance. Industry has questions about the current effectiveness of compliance and enforcement activities due to apparent resource constraints combined with the detection difficulties that are inherent in illegal commercial passenger services.

There was valuable information that was derived from the targeted consultation sessions that furthered the review team's understanding of various stakeholder positions. Key areas of interest arising from discussion at the targeted consultation sessions related to transport needs, fares, and safety standards.

Advocacy groups were of the view that there was a need for a broader range of affordable transport options and that ride-sourcing could potentially fill a gap. There was a view that opening up the booked market could allow for the development of 'niche' markets – for example, businesses that would take short trips, or regular weekly bookings which might meet the needs of certain consumers.

This has been the case with the emergence of Shebah, a ride-source platform provider that provides services by women to women and children under 12. Uber has also expanded to North-West Tasmania with the expectation that services will primarily fill supply gaps on Friday and Saturday nights.

It is conceivable that the relaxation of certain constraints on the taxi industry in particular would allow the industry to better meet the needs of consumers. For example, existing geographic constraints mean that taxi operators have a relatively small pool of consumers and it is not possible to sustainably service the particular demands of niche markets. If the geographic constraints were removed, operators would have a larger pool of customers and greater opportunity to identify and meet the demands of niche markets. This is particularly the case in the North and North West where taxi areas are relatively small.

While advocacy groups supported an increase in the range of affordable transport, there were concerns raised in relation to fare deregulation, in particular in relation to surge pricing and the impact on fare reliability. It was noted that consumers who would normally know how much it cost to travel a usual, familiar route, would not have this assurance when using a service that applied surge pricing. It is noted that of the ride-source companies operating in the State, only one applies surge pricing methodology.

With regard to fares, taxi industry representatives supported a price floor. Without a price floor, the view was that in a deregulated environment there would be a 'race to the bottom' with operators underbidding one another to attract business to a point where fares would become unsustainably low. Taxi industry representatives called for a regulated fare to be used as a baseline, but with the ability to discount/surge as applicable.

Taxi fares have traditionally been regulated in the form of a maximum price to prevent the sector from behaving in a way that is contrary to the public interest. While market entry is less restricted in Tasmania than it has been historically, and there is potential for taxi businesses to compete on price, in effect this does not occur. Fare regulation is, therefore, intended to achieve consumer protection objectives by addressing market failures such as high search costs, information asymmetry and limited competition due to entry restrictions. However, these market failures do not apply consistently across all service types.

At taxi ranks, or when hailing passing taxis, consumers are restricted in their ability to assess offers, negotiate fares or choose between different taxis. As a result, operators are often in a strong bargaining position, relative to the consumer. Price regulation allows customers to get into an otherwise anonymous taxi knowing their fare is subject to pricing control.

In comparison to the rank and hail market, there is a less compelling case for setting fare prices in the booked market. This is because the booked market does not suffer from the same constraints on effective competition and consumers' ability to choose and be informed by alternative offers is greater.

The 2012 Victorian Taxi Industry Inquiry argues there is "a strong theoretical and practical basis for promoting more effective competition in the booked commercial vehicle market. This market has very different characteristics from the rank and hail markets, with consumers having greater ability to choose between competing companies and hire car companies having a much greater reliance on repeat business. Competition can keep service standards higher in this market than in situations where the probability of repeat business is low (for example, the likelihood of catching the same taxi)."¹

The New South Wales (NSW) Independent Pricing and Regulatory Tribunal has noted that "The future market might not require fare regulation in its current prescriptive form for all services. A well-functioning competitive market (which includes the threat of increased competition from new entrants) is the most effective way to protect customers from higher than efficient fares."²

¹ Taxi Service Commission (Victoria) (2012) "Customer First: Safety, Service, Choice – Taxi Industry Inquiry Final Report", December 2012, p91

² IPART, *Review of taxi fares to apply and number of new annual taxi licences to be issued in Sydney from 1 July 2015: Final Report*, 2014, p 21.

For the same reasons that fare regulation exists in the first instance, fare deregulation will only work in an environment where there is sufficient competition. It is also possible and necessary to consider consumer protections where fares are deregulated.

While in general there is a strong argument for deregulation of booked fares, separate consideration should be given to customers that have access to a subsidy such as the TAS Taxi Subsidy Program or do not have a choice of provider. As noted above, it is often argued that if taxi fares were not regulated, it could result in undesirable outcomes for consumers, particularly less mobile groups in the community, such as elderly and disabled people, for whom taxis provide an essential service. It is conceivable that in this scenario, deregulation of booked fares for TAS Taxi Subsidy Program customers could have the unintended consequence of inflating costs.

To summarise the above discussion related to fares, there is a strong argument to retain regulated maximum fares for rank and hail services and for services to TAS Taxi Subsidy Program customers. However, there is a strong argument to de-regulate fares for booked services where there is sufficient competition and where adequate consumer protections are put in place.

3.3.3 Key findings

4. Fewer regulatory restrictions gives businesses a better opportunity to provide services targeted at niche markets.

5. Fare deregulation should only apply to booked services and should only be introduced where there is sufficient competition and with adequate consumer protections.

6. Where there is sufficient competition to ensure efficient pricing, operators should have the flexibility to offer pricing arrangements that align with the preferences of their target customers.

3.4 Interim arrangements

3.4.1 Description

Legislation to facilitate the operation of ride-sourcing services, subject to a range of regulatory controls, passed the Tasmanian Parliament in August 2016. The *Taxi and Hire Vehicle Industries Amendment Act 2016*:

- clarified the legal status of ride-sourcing service providers and allowed for the provision of ride-sourcing services subject to a range of regulatory requirements to protect public safety; and
- allowed the Minister for Infrastructure to suspend the annual release of additional OOTLs in response to the potential impact on the industry of ride-sourcing services.

Under the interim arrangements, ride-sourcing drivers are exempt from the requirement to hold operator accreditation as required by the *Passenger Transport Services Act 2011* (PTSA). The purpose of operator accreditation is to “...ensure that the operator of a passenger transport service or hire and drive passenger service –

- (a) is a fit and proper person to operate the service; and
- (b) implements, as far as reasonably practicable, appropriate safety, security and related systems for the service; and

- (c) has the requisite competence and capacity to manage the safety, security and related risks associated with operating the service; and
- (d) is held accountable for any deficiencies in the safety, security or related performance of the service.”

The exemption was issued on the grounds that accreditation for ride-sourcing service providers is unnecessary and does not compromise public safety. The interim arrangements meet the broad policy intent of accreditation as outlined in the PTSA through a combination of:

- the suite of requirements that apply to individual service providers and their vehicles – particularly the requirement for drivers to hold an ancillary certificate and for vehicles to be subject to initial and subsequent annual inspections;
- the exemption limits the types of services that are captured to include only those with features that assist in managing risks to the driver, passengers and the general public;
- the features of ride-sourcing platforms that are eligible to operate under the exemption, which allow for a level of transparency that does not currently exist for other hire vehicle services and which were not present in the market when the PTSA was drafted; and
- the ride-sourcing structure whereby an individual is responsible for the delivery of a single service using only themselves as driver and a single vehicle, for which they are required to be a registered operator. Therefore, the need for systems to address the safety of the operation would be limited by the scale of the individual driver model and the capacity for immediate control over both vehicle and driver.

Without the exemption, every ride-source driver would be required to obtain operator accreditation which would be costly and time consuming. Ride-sourcing operators are not individually required to ‘apply’ for an exemption per se, but they do need to meet certain requirements to comply with the exemption, including obtaining an ancillary certificate and subjecting their vehicle to an inspection regime, the process for which would also require them to identify that they intend to operate a ride-sourcing service.

There are also requirements of ride-sourcing services that are defined in the exemption and that do not apply to taxis and other hire vehicle services. These requirements relate specifically to the software that is used to facilitate ride-sourcing and aim to support the safety of the industry. The requirements of the ride-sourcing software are that:

- all payments for ride-sourcing services are made electronically;
- the details of each journey – including the driver, vehicle, origin, destination and duration – are recorded; and
- satisfaction rating services are offered with the aggregated rating of each driver being made available to passengers.

3.4.2 Summary of analysis

The entry of ride-sourcing into the Tasmanian market has been smooth. There has been limited need for action by regulatory or law enforcement agencies with respect to ride-sourcing vehicles or drivers to date. Furthermore, data collection and compliance monitoring activities that have been undertaken have indicated a level of assurance around regulatory awareness and overall compliance.

The opportunities presented by ride-sourcing have been embraced by drivers with over 700 Tasmanians successfully applying for ride-sourcing ancillary certificates. It is unknown how many of these drivers continue to be active, but this level of interest shows that Tasmanians see ride-sourcing as an opportunity to source income. It could further be concluded that the level of take-up among drivers also shows that the regulatory process to become a driver is not overly onerous. The level of take-up by passengers also indicates a significant level of underlying consumer demand for these services.

There is a balance to strike between safety and regulatory requirements. From the perspective of ride-source companies, it is preferable that the regulatory requirements are not so burdensome as to restrict the number of people seeking to become ride-source drivers. From the point of view of regulators, it is essential that the regulatory requirements are sufficient to reduce safety risks to an acceptable level.

Under the interim arrangements, a new class of ancillary certificate was established for those wishing to provide ride-sourcing services. The interim arrangements presented an opportunity to trial new approaches to authorising public passenger vehicle drivers such as medical declarations and alternative criminal history checks. Analysis and findings related to the regulatory requirements of drivers trialled under the interim arrangements is at section 3.5.

It is notable that three ride-sourcing platform providers have entered the small Tasmanian market to date. Uber remained the only ride-source platform provider for an extended period and initially it only provided services in greater Hobart. In mid-June 2018, Uber extended its service offerings beyond Hobart to Launceston, Burnie and Devonport. GoCatch and Shebah have also joined the market, and it is anticipated that Ola will launch in the near future. This shows that the regulatory arrangements surrounding ride-sourcing in Tasmania have been favourable from a business perspective and that the Tasmanian market is seen as being open for business.

The experience so far shows that the interim arrangements that were put in place to allow for the lawful operation of ride-sourcing services have been effective. However, they were designed to be interim arrangements and, as such, cannot be sustained into the long term.

The most significant challenge associated with the interim arrangements is that ride-source platform providers are not accommodated as part of the arrangements. This situation means that ride-source platform providers are immune from being responsible for the service as they are not accredited in the same way that other passenger transport operators are accredited.

Operator accreditation is an important element in the overall regulatory framework for passenger transport safety. It is the key regulatory tool which focuses on the operator and their passenger transport service (and importantly the operator's systems and processes to ensure compliance with the regulatory framework and accreditation standards), which is broader than the overall regulatory framework for the vehicle or driver.

Tasmania's existing accreditation model is consistent with current policy trends across government which aim to increase the role of industry and the community in regulatory functions, and where possible reduce the direct role of government so the regulator only interferes if there is an identified risk to public safety, and to increase industry's responsibility for their businesses. The model could readily be adapted to incorporate taxi dispatch services and ride-source platform providers.

The introduction of ride-sourcing services into Tasmania was a major change to the on-demand passenger transport industry. Consumers have embraced it and, to its credit, the taxi industry has

reacted calmly and set about adapting to the changed environment. The introduction of ride-sourcing services under interim arrangements means that a significant hurdle has been passed, and the transition to a modernised on-demand passenger transport framework is underway.

3.4.3 Key findings

7. Booking services providers, including ride-source platform providers and taxi dispatch services, should be incorporated into the legislative framework and accredited.

8. The interim arrangements have been satisfactory insofar as they have accommodated the smooth introduction of ride-sourcing into the State. However, a fully integrated and cohesive framework is required to underpin the sector in the long-term.

3.5 Market research

3.5.1 Description

In September 2017, State Growth engaged market research company EMRS to undertake market research in relation to taxi and ride-sourcing services. The purpose of the research was to gain a better understanding of consumer awareness, views and choices with respect to these services. EMRS facilitated six focus groups to gather feedback from adults in Hobart, Devonport and Launceston who use taxi and ride-sourcing services. The findings from the focus groups were then tested through quantitative research, conducted state wide by EMRS via telephone and online. A total sample of n=1,000 completed surveys was achieved. The sample provided sufficient data to be comfortable with the key findings, while also enabling valid comparisons across the population subgroups.

Some of the results of the market research were generally unsurprising:

- more respondents used taxis than ride-sourcing services on at least a quarterly basis;
- of the respondents who confirmed that there were incentives that would lead them to use taxis more frequently, the most commonly cited incentive was better fares;
- of the respondents who confirmed that there were incentives that would lead them to use ride-sourcing services more frequently, the most commonly cited incentive was services being made available in their region (at the time of the survey, services were only offered in the greater Hobart region); and
- most respondents (89 per cent) were of the view that the same safety standards and requirements should apply to taxi and ride-sourcing services.

Other notable results included:

- of respondents who used taxi services, 82 per cent were satisfied with taxi services in Tasmania while of respondents who used ride-sourcing services, 93 per cent were satisfied;
- of the respondents who used taxi services, 64 per cent mainly used booked taxis, 14 per cent mainly used ranks or hailed taxis, and 21 per cent used both equally; and
- 56 per cent of respondents preferred a higher-priced fare that was charged consistently regardless of demand, 24 per cent preferred a cheaper fare that rises with increasing demand and 20 per cent were unsure.

3.5.2 Summary of analysis

The objectives of the market research were to better understand whether and how consumers used taxi and/or ride-sourcing services in Tasmania, and how consumer choices were influenced by demography, perceptions of and satisfaction with services, fares and consumer protections.

In terms of the research objectives, the findings showed that:

- more people use taxis than ride-sourcing services but there was demand for ride-sourcing services in regions where it was not available;
- it was generally younger people who are taking up the option of ride-sourcing services;
- consumers were generally satisfied with both taxi and ride-sourcing services although satisfaction is higher for ride-sourcing than for taxi services;
- there was preference for traditional fare methodology over fares that are demand driven; and
- there was a perception that ride-sourcing is not sufficiently regulated.

The research found that taxi users and ride-source users both identified price as a barrier to using on-demand passenger transport services more frequently. In the case of taxi users, 60 per cent of respondents who said there were barriers that prevented them using taxi services more frequently said that price was the barrier (there were 8 per cent of respondents who said that the price of ride-sourcing services prevented them from using ride-sourcing services more frequently).

Taxi fares are currently regulated under a maximum fare regime. There is scope for operators to compete under the maximum fare but, due to certain constraints, such competition does not occur. There is a case for deregulating taxi fares in the booked market. Fare deregulation would allow taxi operators to set their fares at any rate they determine and it gives them the opportunity to set fares at an efficient rate. From the consumer perspective, when booking fares, consumers have the ability to choose between companies and 'shop round' for the best fare. Fare deregulation would allow taxi services to compete more fairly with ride-sourcing services. With deregulation there would need to be certain consumer protections put in place such as requiring the operator and consumer to agree in writing on a fare before the journey commences, for any additional fees or charges to be disclosed, and for an itemised receipt to be provided on request. There is further discussion and analysis related to fares and fare deregulation in section 3.3.

The data suggests that there is strong support among Tasmanian consumers for the option of ride-sourcing services in the State. However, there is a perception that ride-sourcing is not regulated or that it is not sufficiently regulated. This finding, coupled with the finding that there is a strong sentiment that ride-sourcing services should be subject to the same standards and requirements as taxi services suggests that there is likely some level of dissatisfaction among consumers regarding the regulatory framework for ride-sourcing services. However, it is unclear as to whether consumers feel that the regulation relating to ride-sourcing is inadequate or whether they are unaware of the regulations surrounding ride-sourcing.

Under the existing framework for taxi and hire vehicles and the interim arrangements for ride-sourcing, drivers who provide a public passenger service are regulated to ensure that the passengers and the public are safe, and that the driver performing the service is suitable to do so. The interim arrangements that underpin the lawful operation of ride-sourcing services are described in detail in section 3.5.1. Before getting in a taxi or hire vehicle, a passenger requires some level of certainty that a driver is of sound character, is capable of driving the vehicle and performing the service, is medically fit, and is otherwise suitable to provide a public passenger service.

In Tasmania, all public passenger vehicle drivers must hold an ancillary certificate. The ancillary certificate application and approval process is the main instrument through which the Registrar of Motor Vehicles ensures that individual drivers are fit to carry passengers on a commercial basis. The current standards required of drivers to acquire an ancillary certificate are largely uniform across different service types.

All ancillary certificates must be renewed annually for drivers who wish to continue providing a public passenger service. The renewal process involves ongoing checks on the driver's Working with Vulnerable Persons (WWVP) status, a check on the certificate holder's criminal history and an assessment of the renewal application by State Growth or Service Tasmania.

While the eligibility requirements are consistent, there are some differences in the ways that assessments are made across the different ancillary certificates. For example, taxi drivers are required to seek an initial commercial medical assessment prior to becoming authorised, and every three years thereafter, whereas ride-source drivers are required to complete a medical self-declaration form upon application and renewal of their ancillary certificate, stating that they are medically fit to provide a public passenger service. This is subject to an auditing regime of drivers which is conducted by State Growth. There are opportunities to streamline the way these assessments are made to ensure consistency.

A key difference between the requirements to obtain an ancillary certificate for driving a taxi against driving a ride-source vehicle is that driver training must be completed before taxi drivers can obtain their ancillary certificate and be authorised to drive taxis. Compulsory training was initially introduced to ensure that service standards were maintained in an industry where taxis provided a monopoly service. Targeted consultation with stakeholders revealed diverse views as to whether driver training requirements should remain as they are. Some stakeholders felt that the existing training requirement was important to help maintain the reputation of the industry. Others felt that it should be operators' responsibility to train drivers and that operators should have flexibility in the type of training they delivered their drivers. It was noted that drivers must be made aware of their legislative obligations, particularly with regard to discrimination laws.

The current system is considered to be misaligned with key objectives of the review. The specified training requirements are largely related to service delivery as opposed to safety. Accordingly there may be better ways to manage training requirements that will result in consistent requirements across service types.

An option that aligns with the safety focus, the objective of reducing red tape where appropriate, and the overarching sentiment of seeking an even playing field would be to give operators the responsibility for ensuring that drivers are adequately trained. In this scenario, operators would be free to choose the method and content of training provided and training processes would be subject to audit as part of operator accreditation processes. In practice this would mean that drivers would need to declare each year as part of their ancillary certificate renewal that they understand their legislative obligations including disability and discrimination legislation, and driver behaviours.

The exception to this is in relation to the provision of WAT services as it relates to safety, not service delivery. Operators who provide WAT services should be required to ensure that all its drivers are provided adequate training in the delivery of WAT services.

Regulatory requirements apply to vehicles as well as drivers for both taxi and ride-sourcing services. As is the case with driver requirements, there are some inconsistencies in the way regulations are applied across service types.

It should be noted that under the interim arrangements currently in place, ride-source drivers are required to be a registered operator of the vehicle they use to provide ride-sourcing services. The rationale for this requirement is that each driver is responsible for the delivery of a single service using only themselves as driver and a single vehicle, for which they are required to be a registered operator. Therefore, the need for systems to address the safety of the operation is limited by the scale of the individual driver model and the capacity for immediate control over both vehicle and driver.

Under the taxi and hire vehicle industries framework, vehicles are regulated in terms of their age and an inspection regime, with operator accreditation standards requiring additional maintenance standards, safety checks and daily checks.

Age limits are currently applied to vehicles providing taxi services on the assumption that newer cars are safer than older cars. In many cases this can be the case. In response to market demand, car manufacturers are increasingly applying safety features to base model vehicles meaning that newer cars have more safety features and are therefore safer than older vehicles.

The safety features being applied to new vehicles are continually improving. Safety features relate to the structural integrity of a vehicle body and passive safety features such as airbags and anti-lock braking systems. In particular, new safety assist technologies are helping drivers to avoid or reduce the severity of a crash. The Australasian New Car Assessment Program (ANCAP) provides independent assessments of the safety of vehicles and applies star ratings to vehicles. Research shows that there is twice the chance of being killed or seriously injured in a 3-star ANCAP rated car compared to a 5-star ANCAP rated car.

However, a vehicle that is older, has certain safety features and is well maintained may be safer than a vehicle that is newer but not well maintained or a vehicle that is new but subject to a high level of use such as a taxi. Age limits do not guarantee increased safety and, where applied, should be complemented by safety inspections and maintenance regimes.

New South Wales, Queensland and Victoria have removed age limits on taxis and do not apply age limits to other vehicles that provide on-demand passenger transport. In this scenario, the ongoing costs of maintaining older vehicles is an incentive for providers to renew their fleets as vehicles age. The removal of age limits means that operators have the option to diversify their service offerings and determine what vehicles make up their fleet. If consumers are dissatisfied with the fleet of vehicles that a particular provider uses, then they are less likely to use that provider in the future and the market would dictate what vehicles consumers prefer and the maximum age of these vehicles.

There are no regulatory age limits applied to ride-sourcing vehicles, although some platform providers apply their own age limits.

It is acknowledged that there are incentives such as the higher cost of maintaining older vehicles and market demand for new vehicles which may lead industry to offer new and safer cars without regulatory requirements. However, safety is a key priority of the review. As such, there is merit in retaining age limits for taxis and extending the same requirements to booked services as well. In addition to age limits, there is value in requiring a minimum ANCAP rating of vehicles in the market. Where safety is a priority, a five star ANCAP rating should be required as five star cars provide better safety outcomes than less rated vehicles.

Unique, classic or customised cars would fall outside of these vehicle requirements. Taking a risk-based perspective, these vehicles are typically used sparingly for specific tasks, so their exposure

to risk is likely to be lower than that of other booked services. For this reason, these vehicles would be exempted under the new framework, subject to meeting the requirements of any inspection regime.

A specific exemption from the ANCAP requirement would also be needed for wheelchair accessible vehicles (discussed further in Section 3.6.2).

Importantly when it comes to vehicle and driver safety, there needs to be an effective monitoring, compliance and enforcement regime. Under section 6, there was discussion related to the accreditation of taxi dispatch networks and ride-source platform providers. This presents an opportunity to further enhance safety under a new framework for on-demand passenger transport through a chain of accountability model.

Accountabilities for risks in an industry should be allocated to those parties that are best placed to manage them. In the on-demand passenger transport industry, risks are often shared and jointly managed. For example, the responsibility for maintaining roadworthy vehicles falls to both the driver and the service operator. In a scenario where a booking service provider is also part of the chain, the booking service provider should also have responsibility, in this example, for ensuring that vehicles are roadworthy.

Under a chain of accountability model, booking services, drivers and vehicle owners would all have duties with respect to complying with government-mandated regulatory standards and requirements. Independent audits would be required to monitor outcomes-based compliance. As part of the audit regime, accredited operators would be required to demonstrate that they have the appropriate systems in place to manage their obligations, with the complexity of the systems commensurate with the size of their operation.

The chain of accountability approach allows greater industry flexibility in determining the most efficient and effective way of meeting their obligations to manage risks. It also improves safety within the sector by giving all parties responsibility for safety, and aligns with the approach taken for workplace health and safety laws.

3.5.3 Key findings

9. The safety of all service offerings is a priority among consumers, and consumers share the view that all services should meet the same safety standards and requirements.

10. Giving operators the responsibility for ensuring that drivers are adequately trained would increase flexibility for industry without compromising safety standards.

11. Age limits and minimum ANCAP rating should be applied to vehicles providing on-demand passenger transport services. Specific exemptions should apply for unique, classic or customised cars and wheelchair accessible vehicles.

12. A chain of accountability approach to compliance and enforcement has the potential to enhance industry safety.

3.6 Wheelchair accessible taxi review

3.6.1 Description

Separate to, but in collaboration with, the review, State Growth has conducted a review of arrangements related to WATs (the WAT review). The WAT review was carried out separately to the

review as the scope of both reviews was considerable. Separate reviews have ensured that the issues specific to WAT operators, drivers and users have received adequate consideration.

The aim of the WAT review was to ensure that the arrangements related to WAT services supported the delivery of safe, efficient, and reliable WAT services across the State that do not discriminate against any passengers. In seeking to achieve this aim, the WAT review considered: vehicle requirements, licensing, tariffs and meter use, subsidies for users, and subsidies for drivers and operators.

The review comprised consultation with WAT operators and WAT users, analysis of the arrangements that are in place in other jurisdictions, and consideration of the various incentives that are available to support the achievement of the review objective. The WAT review has taken into account the transition to the National Disability Insurance Scheme (NDIS), the Taxi and Hire Vehicle Industries review, the Transport Access Scheme (TAS) Taxi Subsidy Program, and the scheduled end of the safety net for TAS Taxi Subsidy Safety Net members transitioning to the NDIS in mid-2019.

For some wheelchair-reliant people, WATs are the only form of transport they have access to, as they are unable to transfer into a seat in a standard vehicle, do not have access to a private accessible vehicle, and/or cannot travel on accessible buses. As such it is critically important to ensure that there is adequate supply and that supply is affordable.

3.6.2 Analysis

Vehicle requirements

The current framework requires that WATs in metropolitan taxi areas are not more than 12 months old and have an odometer reading of less than 1 000 kilometres when they are first deployed as a WAT, and WATs in remote taxi areas are not more than seven years old when they are first deployed as a WAT. Vehicles cannot operate as a WAT if they are older than 10 years. WATs are required to meet the *Disability Standards for Accessible Public Transport 2002*.

It is commonly reported that there is an under-supply of WATs across the State. One way to increase supply may be to relax age restrictions related to WATs, which could be extended in line with the general fleet. This would have the effect of increasing the age when newly authorised in metropolitan taxi areas to seven years (equal to remote taxi areas), and increase the age limit to 12 years.

ANCAP tests new, unmodified vehicles available to Australian and New Zealand consumers. It does not generally set requirements for, or assess, aftermarket products or vehicle modifications. Accordingly, it is unlikely that wheelchair accessible vehicles will be rated by ANCAP and will be exempted from this requirement, however the Transport Commission will apply a minimum set of safety standards that the vehicles must meet, in addition to the above age requirements and vehicles meeting the standards in the *Disability Standards for Accessible Public Transport 2002*.

Licensing

The review considered the existing licensing arrangements whereby there are no limits on the number of WAT licences that can be issued and WAT licences are available at the cost of the application fee. The review found that the existing licensing arrangements were appropriate and should not be changed.

Were supply restrictions on licences for regular taxi services removed, WAT licences may be viewed as relatively less attractive. This is because the cost to modify WAT vehicles to be compliant with the *Disability Standards for Accessible Public Transport 2002* is greater than a vehicle that is used to

provide regular services. If supply restrictions are eventually removed, consideration will need to be given to ensure that there are incentives to ensure the adequate supply of WAT services.

In terms of licensing, an option that could be considered would be to incentivise the provision of WAT services through a reduction in the cost of annual licence fees dependent on operators achieving a certain quota of WAT trips per year. This incentive would need to be further developed as part of a re-modelling of the annual fees structure under a new framework.

Incentives to ensure the adequate supply of WAT services is considered further under subsidies for drivers and operators.

Tariffs and meter use

Tasmania is the only Australian jurisdiction to provide for higher tariffs (flagfall, distance rate and waiting time) to be charged to wheelchair-reliant people travelling in WATS. This arrangement was carried into the WAT scheme in 2004 from the previous arrangements for “special purpose cabs” that provided taxi-style services for wheelchair-reliant people.

The higher tariffs are intended to compensate drivers and operators for the additional time associated with transporting a wheelchair-reliant person (e.g. loading the wheelchair into the taxi), as unlike in many other jurisdictions, the driver is not permitted to switch the taximeter on until the passenger is seated in the vehicle and it has started to move.

The higher tariff was applied with intent, and with the objectives of creating an incentive that would ensure adequate supply of WATs and high quality service to WAT users. The higher tariff was also offset through the subsidies to wheelchair-reliant TAS members to recognise the difference in fares for WAT users. However, the WAT review has concluded that the tariff differential has the potential to be discriminatory and is something that should be changed such that the tariffs for regular and WAT services are the same.

It is acknowledged that the removal of the tariff differential may be a disincentive to providing WAT services. This matter is further considered under subsidies for drivers and operators.

WATs are currently permitted to charge a higher tariff when providing services as a higher occupancy vehicle. As it provides an incentive to invest in a WAT vehicle, it would be reasonable to maintain this feature of the tariff arrangements. The risk with this arrangement is that operators would then have an incentive to prioritise higher occupancy trips over WAT trips. However, offering operators reduced annual fees should they meet a certain quota of WAT trips creates an incentive to prioritise WAT trips over high occupancy trips.

Subsidies for users

The TAS Taxi Subsidy Program provides a 60 per cent fare subsidy (up to a maximum of \$30 per trip) to members of the scheme that have a “wheelchair” endorsement on their membership. It is proposed that this current subsidy levels remain the same for wheelchair-reliant TAS Taxi Subsidy Program members along with the change in tariff to be the same as for regular taxi services.

This subsidy is adequate to ensure that most people:

- pay no more than a person who is not a TAS Taxi Subsidy Program member would pay for an equivalent trip in a standard taxi; and
- pay roughly the same fare as a non-wheelchair-reliant TAS Taxi Subsidy Program member would pay for an equivalent trip in a standard taxi. (Non-wheelchair endorsed members receive a 50 per cent subsidy up to a maximum of \$25 per trip.)

There are circumstances, however, where a wheelchair-reliant person using a WAT in Tasmania is not a TAS Taxi Subsidy Program member and therefore pays the whole of the fare without subsidy – this can be the case where a person has a temporary condition, or a person is visiting from overseas. If the TAS Taxi Safety Net Program for TAS members who have transitioned onto the NDIS ends as scheduled in mid-2019 there will be an increase in the number of passengers to whom this applies. State Growth understands that NDIS members, if eligible for transport assistance, will receive transport supports from the National Disability Insurance Agency to contribute to their “reasonable and necessary disability-related transport costs” and that this will be based on their individual needs, rather than a generic subsidy like the TAS Taxi Subsidy Program.

Changing the tariff for WATs to be consistent with standard fares (Tariff 1 and 2) will go a long way to reducing these instances, as wheelchair-reliant passengers who are not eligible to access a fare subsidy through the TAS Taxi Subsidy Program will not pay more than a person in a standard taxi for the same journey length.

Subsidies for drivers and operators

Under the current arrangements, a trip subsidy is offered to operators/drivers that is designed to compensate the operator for the cost of purchasing a WAT vehicle. The subsidies are different based on area. In Hobart there is a \$10 subsidy, Launceston and Perth attracts a \$12 subsidy and all other areas receive a \$16 trip subsidy.

As noted above, equalising the tariff for regular and WAT services means that there may be less of an incentive to provide WAT services. Although lower fares may result in wheelchair-reliant passengers undertaking more travel. To the extent that reducing the tariff and reducing the fare might result in the TAS scheme costing less to government, the savings made could be redistributed to operators/drivers through an increased subsidy.

3.6.3 Key findings

13. WAT licences should remain uncapped and available at the cost of the licence application.

14. The tariff for WAT services should equal the tariff for regular services.

15. There would be value in investigating the development of a new program to offer user subsidies for wheelchair-reliant Tasmanians who are not currently eligible for TAS.

16. Operator/driver subsidies should be increased and incentives put in place to ensure that there are adequate incentives to provide high quality WAT services.

4 Way forward

This paper has been prepared to provide stakeholders with a summary of the activities undertaken as part of the review so far, and to draw out the key findings of the review. It provides background and context to a proposals paper which sets out a proposed framework for on-demand passenger transport. The proposals paper invites feedback that will be taken into account in the drafting of legislation.