

On-demand passenger transport



The on-demand passenger transport sector has changed considerably over the past few years and the Tasmanian Government wants to ensure it supports the industry.

As part of this, the Government is reviewing how it regulates the taxi and hire vehicle industries.

The Government's priorities are to:

- protect the safety of passengers and drivers;
- promote greater competition and consumer choice;
- ensure the adequate delivery of accessible services with Wheelchair Accessible Taxis (WATs);
- be able to respond to emerging technologies and service models; and
- where possible, reduce the regulatory burden on industries.

Current taxi framework

In Tasmania, perpetual licences are leased and sold on the open market, while the Government determines how many owner-operator taxi licences (OOTLs) can legally provide services to passengers.

It oversees OOTLs through a capped licensing system, which sets a limit on the number of new OOTLs that can be issued in a geographical area of Tasmania in any given year, and a minimum price for obtaining a new OOTL.

Capping numbers and setting minimum prices restricts competition and potentially makes the market less efficient.

However, for some people and companies who have invested in the taxi industry in the past, changes to the availability of new OOTLs may impact on the value of the licences they already own.

It makes sense that changes occur over an extended period so as not to shock the industry.

The Department of State Growth (State Growth) has developed two options in relation to the availability of new OOTLs.

Option 1 – No limits on the number of new OOTLs available each year, and reduce the reserve price over five years

This keeps OOTLs but makes them available on application (no tender process), and reduces the minimum price by 20 per cent each year for five years.

In the sixth year (i.e. after the transition period), OOTLs would be available by application and payment of an administrative fee only.

Industry would have time to adapt to licence costs going down gradually. This would give people who have purchased licences for large amounts of money the chance to recover some of their investment.

As only taxis would do rank and hail work and access subsidies from Taxi Subsidy Program customers this would help the taxi industry to adjust to the changes.

There would be no change to the existing process for getting wheelchair accessible taxi licences. Perpetual taxi licences would continue to be able to be leased and traded.

Taxi areas	Year 1 (current minimum price*) \$	Year 2 \$	Year 3 \$	Year 4 \$	Year 5 \$	Post-transition
Hobart	60 000	48 000	36 000	24 000	12 000	For an administrative fee
Launceston	35 000	28 000	21 000	14 000	7 000	
Burnie, Devonport	23 000	18 400	13 800	9 200	4 600	
Ulverstone	17 250	13 800	10 350	6 900	3 450	
George Town, Perth, West Tamar, Meander Valley	12 500	10 000	7 500	5 000	2 500	
Circular Head	11 250	9 000	6 750	4 500	2 250	
Break O'Day, New Norfolk	10 800	8 640	6 480	4 320	2 160	
Huon Valley	7 500	6 000	4 500	3 000	1 500	
Glamorgan/Spring Bay North, Kentish, Penguin, Tasman	3 750	3 000	2 250	1 500	750	
Dorset	2 250	1 800	1 350	900	450	
Glamorgan/Spring Bay South,	1 875	1 500	1 125	750	375	
Bruny Island, Central Highlands, Flinders Island, King Island, West Coast	1 000	800	600	400	200	

*Source: *Taxi and Hire Vehicle Industries Act 2008*

Option 2 – Suspend the issue of new OOTLs for five years and reduce the existing 24 taxi areas to four at year three.

This takes a slower approach to making changes to the taxi industry.

- Suspend the issue of new OOTLs for five years, with an option to extend.
- Make sure there are enough taxis in areas with no ride-sourcing or too few taxis.
- At three years, reduce the taxi areas from the existing 24 to four: Hobart, Launceston, a combined Burnie-Devonport-Ulverstone, and the rest of the State.
- Review the arrangements to be timed for delivery at year five or soon after.

Uber started in Greater Hobart in December 2016, but only started in Launceston, Burnie and Devonport in June 2018. Other ride-sourcing platform providers, Shebah and GoCatch, also have drivers in Tasmania.

The impact of ride-sourcing on taxi areas outside of the Hobart taxi areas is not yet known. This option gives the taxi industry more time to adjust to the impact of ride-sourcing.

It would not impact on getting a WAT licence, or stop existing licence owners from selling their licence(s).

Reducing the taxi areas from the existing 24 to four at year three would increase competition. Taxis would be able to move across regional Tasmania to meet demand. The Perth taxi area could be kept if issues related to this area cannot be resolved.

Combining the current Burnie, Ulverstone and Devonport taxi areas would improve availability of WAT services in Burnie which, unlike Ulverstone and Devonport, does not currently have any WAT services.

Perpetual taxi licences would continue to be able to be leased and traded.



Other changes to the regulatory framework

State Growth is also proposing some other changes to the regulatory framework, which try to promote equity between taxis and other hire vehicles. For more information about the changes visit: www.transport.tas.gov.au/passenger/taxi/taxi_and_hire_vehicle_industries_regulatory_review

Fares

Taxi operators will be able to set their own fares for booked taxi services (if they choose) in taxi areas where there is enough competition. Operators may continue to use the regulated maximum fare for booked taxi services if they don't want to set their own fares. It would start in the Hobart taxi area, where ride-sourcing and competition in the taxi industry is at its greatest, and gradually be extended to other taxi areas.

There is no change to the way taxis may charge fares for rank and hail services, or Taxi Subsidy Program fares (even if they are booked).

Booked service licences

This combines the current luxury hire car licence and restricted hire vehicle licence, and includes ride-sourcing into the one licence category. Vehicles with a booked service licence cannot be hailed and cannot sit at taxi ranks.

Booking service providers

Booking service providers, such as ride-sourcing companies and taxi networks and dispatch centres, would require operator accreditation.

Taxi networks/dispatch centres may take on the responsibility for the safety and other systems for an operator who uses their booking service. This is not mandatory.

The annual fee payable would be based on the number of vehicles linked with the operator, either directly or where they take on the responsibility for others.

Chain of accountability model

The safety of on-demand passenger services will be the shared responsibility of each party who has control or influence over the service – that is, drivers, accredited operators and registered vehicle owners. For example, where an unlicensed driver is dispatched by a radio network to a job, then the booking service provider, the taxi operator and the driver would be responsible.

We want to hear from you

State Growth invites you to provide feedback on the two options, and/or any of the other proposed changes.

Submissions must be received by 10 November 2018 and made in writing by email to taxireview@stategrowth.tas.gov.au or mailed and addressed to:

Gary Swain
Commissioner for Transport
GPO Box 536
Hobart TAS 7001

All submissions will be treated as public documents and will be placed on State Growth's website at www.transport.tas.gov.au, unless the submission is clearly specified as confidential (in full or part). Information provided will assist the Government in completing its reforms of the on-demand passenger transport industry.