

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

**Paper 8 – Taxi Areas**

Department of Infrastructure, Energy and Resources

July 2006

*This is the eighth 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.*

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## 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.

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 taxi licences to be made available every year, and the introduction of wheelchair accessible taxis (WATs). 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 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 Act), the *Taxi Industry Regulations 1996* (the Taxi Regulations) and the *Taxi Industry (Taxi Areas) Regulations 1996* (the Taxi Areas Regulations) proposed to be completed in 2007. Further information on the Reference Group's work can be found in [Section 4](#).

This discussion paper relates to taxi areas. The Review Group recommended that the feasibility of amalgamating adjoining taxi areas with similar licence values be considered outside of its Review<sup>2</sup>.

The Taxi Areas Regulations divides the State into 24 geographic taxi areas, which define where a licensed taxi is able to operate. Taxis are restricted to operating to, from or within the area for which they are licensed. The Review Group supported the retention of taxi areas<sup>3</sup>, although it noted that there had been some calls during the Review to amalgamate areas and/or to remove the area system altogether<sup>4</sup>. The reasons for this were not published by the Review Group.

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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.

<sup>2</sup> *ibid.*

<sup>3</sup> *ibid.*, page 37.

<sup>4</sup> *ibid.*, page 36.

This paper considers whether the current areas system is effective, or whether some areas could be amalgamated to provide a better service to users in those areas. It has links to a number of other issues considered in this review of the legislation, including the operation of rural taxis<sup>5</sup> and wheelchair accessible taxis<sup>6</sup>, and the possible regulation of radio rooms<sup>7</sup>, which have been considered in previous discussion papers. This paper will draw together the relevant discussion on these issues.

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<sup>5</sup> Department of Infrastructure, Energy and Resources: *Review of the Taxi and Luxury Hire Car Industries Act 1995 Paper 3 – Rural Taxis*, February 2006.

<sup>6</sup> Department of Infrastructure, Energy and Resources: *Review of the Taxi and Luxury Hire Car Industries Act 1995 Paper 4 – Wheelchair Accessible Taxis*, February 2006.

<sup>7</sup> Department of Infrastructure, Energy and Resources: *Review of the Taxi and Luxury Hire Car Industries Act 1995 Paper 7 – Radio Rooms*, June 2006.

## 2. Background

### 2.1. Role of Government

The Government has an 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>8</sup>'. The Government's interest in the taxi industry reflects its obligation under the Act to, among other things:

- ensure the availability of adequate standard taxi services at reasonable prices; and
- enable variation in taxi services to meet community demands at prices determined by market forces<sup>9</sup>.

The Government is also concerned with the safety of the passenger transport system in relation to transport providers, customers and other road users.

### 2.2. *Taxi Industry (Taxi Areas) Regulations 1996*

Section 27 of the Act provides for regulations to be made for the purposes of the Act. Schedule 3 outlines matters to which regulations may apply. These matters include prescribing 'parts of Tasmania as areas to which the Act, or any parts of the Act, applies'. This is the provision under which the Taxi Areas Regulations are made.

Taxi areas were introduced in accordance with the provisions of the former *Taxi Industry Act 1995* (the 1995 Act), which provided for taxi areas to be prescribed. The establishment of new taxi areas was part of the process that saw existing cab licences converted into perpetual taxi licences and for licences to be valued at a capped value. Prior to the introduction of the taxi areas, cabs were limited to operating within areas that were specified in the licences. When the new arrangements were introduced, most taxi areas were the same as the areas of operation that the existing cabs were licensed for. In some cases, areas were amalgamated. For example, Smithton and Stanley became the Circular Head taxi area, and Queenstown, Strahan and Rosebery became the West Coast taxi area. The specific Hobart areas were amalgamated into the Hobart taxi area.

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<sup>8</sup> Tasmania Together, Goal 1, Standard 3 (page 36).

<sup>9</sup> *Taxi and Luxury Hire Car Industries Act 1995* (Tas), Section 4(2)(c).

The Taxi Areas Regulations came into effect on 2 January 1997. The Hobart, Launceston and Burnie taxi areas were gazetted from that date, and the remaining taxi areas were gazetted on 31 December 1997. The Taxi Areas Regulations are reproduced at [Appendix 2](#). A map of the taxi areas is presented at [Appendix 3](#).

The Taxi Areas Regulations define the taxi areas and outline the assessed market value (AMV) of perpetual licences in each area, as determined by the Valuer-General in accordance with the Act<sup>10</sup>. The taxi areas largely correspond to the municipal areas as demonstrated in Table 1.

**Table 1 – Correspondence between municipal areas and taxi areas**

Municipal area	Taxi Area
Break O Day	Break O'Day
Brighton	Hobart
Burnie City	Burnie
Central Coast	Ulverstone, Penguin
Central Highlands	Central Highlands
Circular Head	Circular Head
Clarence City	Hobart
Derwent Valley	New Norfolk
Devonport City	Devonport
Dorset	Dorset
Flinders	Flinders Island
George Town	George Town
Glamorgan-Spring Bay	Glamorgan/Spring Bay North Glamorgan/Spring Bay South
Glenorchy City	Hobart
Hobart City	Hobart
Huon Valley	Huon Valley
Kentish	Kentish
King Island	King Island
Kingborough	Hobart Bruny Island
Latrobe	Devonport
Launceston City	Launceston Perth taxi area overlaps with part of the Launceston taxi area

<sup>10</sup> Section 11 of the Taxi and Luxury Hire Car Industries Act provides for the Valuer-General to determine the assessed market value of a perpetual taxi licence in each taxi area at 1 July 2003 and to review this value every three years after that date. The assessed market value is the lowest price at which new perpetual licences can be issued every year.

Municipal area	Taxi Area
Meander Valley	Meander taxi area includes most but not all of the Meander Valley municipality Launceston taxi area incorporates some of the Meander Valley municipality
Northern Midlands	Perth taxi area includes a defined area of the Northern Midlands municipality Launceston taxi area incorporates some of the Northern Midlands municipality The remainder of the Northern Midlands municipality is not included in any taxi area
Sorell	Hobart
Southern Midlands	No taxi area
Tasman	Tasman
Waratah-Wynyard	Burnie (excluding Savage River and Waratah)
West Coast	West Coast
West Tamar	West Tamar Launceston taxi area incorporates some of the West Tamar municipality

There are some exceptions. For example, the Bruny Island taxi area comprises only Bruny Island, which is part of the Kingborough municipality. The major centres in the Kingborough municipality are included in the Hobart taxi area. The municipality of Central Coast is divided into two taxi areas: Devonport and Ulverstone.

Some regional areas to the south and east of Hobart (e.g. parts of the municipalities of Kingborough and Sorell) are not included in a taxi area. Likewise, the majority of the municipality of Northern Midlands and all of the municipality of Southern Midlands are not included in any taxi area.

The Launceston taxi area includes all of the Launceston City Council area, plus adjacent parts of the municipalities of Meander Valley, West Tamar, and Northern Midlands. There are shared zones between Launceston and Perth and Launceston and West Tamar, which allow operators in these areas to undertake work within that part of the adjoining area that is in the shared zone. This issue is discussed in Section 3.2.1.

The Burnie taxi area includes all of the Waratah-Wynyard municipal area other than the towns of Savage River and Waratah, an issue that is discussed in Section 3.4.1. These towns are not included in any taxi area. Table 2 demonstrates how each area relates to the relevant municipal areas.

**Table 2 – Relationship between taxi areas and municipal areas**

<b>Taxi Area</b>	<b>Municipal area</b>
Break O'Day	Break O Day
Bruny Island	Kingborough (Bruny Island)
Burnie	Burnie City Waratah-Wynyard (excluding Savage River and Waratah)
Central Highlands	Central Highlands
Circular Head	Circular Head
Devonport	Devonport City Latrobe
Dorset	Dorset
Flinders Island	Flinders
George Town	George Town
Glamorgan/Spring Bay North	Glamorgan-Spring Bay
Glamorgan/Spring Bay South	Glamorgan-Spring Bay
Hobart	Hobart City Clarence City Glenorchy City Brighton (includes Pontville) Kingborough (Blackmans Bay, Kingston, Margate, Tarooona) Sorell (Dodges Ferry, Lewisham, Midway Point, Sorell)
Huon Valley	Huon Valley
Kentish	Kentish
King Island	King Island
Launceston	Launceston City West Tamar (part) Meander Valley (part) Northern Midlands (part)
Meander Valley	Meander Valley (part)
New Norfolk	Derwent Valley
Penguin	Central Coast (part)
Perth	Northern Midlands (part) Launceston (part)
Tasman	Tasman
Ulverstone	Central Coast (part)
West Coast	West Coast
West Tamar	West Tamar

### 2.3. Taxi and Luxury Hire Car Industries Act 1995

The Act requires that the Transport Commission make available new perpetual licences each 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 AMV in any taxi area<sup>11</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>12</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 3.

**Table 3 – Assessed market values of perpetual taxi licences at 1 July 2003<sup>13</sup>**

Taxi Area	Assessed Market Value
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
Hobart	\$81 750
Huon Valley	\$11 000
Kentish	\$3 000
King Island	\$1 000

<sup>11</sup> Taxi and Luxury Hire Car Industries Act, Section 19.

<sup>12</sup> Ibid., Section 11.

<sup>13</sup> Taxi Industry (Taxi Areas) Regulations 1996 (Tas), Regulation 7.

<b>Taxi Area</b>	<b>Assessed Market Value</b>
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.

The taxi industry has 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, 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. 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 wheelchair accessible taxi (WAT) licences to be offered. In 2007, the new perpetual licences will be made available at the AMV determined in 2006.

Some taxi operators have also expressed concern that the value of their licences decreased from the 'capped value', established under the 1995 Act, to the AMV, which was introduced in 2003. It is important to recognise that the capped value represented a value above which licence prices were not intended to rise, whereas the AMV is a reserve price at which the Government makes new licences available.

The timing of the valuations will be considered, as part of the review of the legislation, in the discussion paper on licensing issues.

## 2.4. **Taxi Industry Regulations 1996**

The Taxi Regulation provide that a driver must not, without lawful excuse, operate a taxi from a taxi zone that is not within the taxi area to which the taxi licence number-plate affixed to the taxi relates<sup>14</sup>, which means that a driver cannot stand for hire on a taxi rank that is not within the area that the taxi is licensed for. There is a fine not exceeding ten penalty units (\$1 000) for a breach of this provision. The Regulations also state that a driver must not, without lawful excuse, operate a taxi so that a hiring is commenced and completed wholly outside the taxi area to which the taxi licence number-plate affixed to the taxi relates<sup>15</sup>. This allows taxis to transport passengers to destinations that are outside the area for which they are licensed, or to bring passengers back into their area from outside the area. The penalty for breaching this provision is a fine not exceeding 20 penalty units (\$2 000).

## 2.5. **Benefits and costs of taxi areas**

The Review Group concluded that taxi areas benefit users and the industry, as well as the public in general<sup>16</sup>.

It claimed that users benefit, as taxi areas ensure that there are taxi services available in all areas of the State. The Review Group considered that if taxis were not restricted to specific areas, there would be a risk that taxis in areas with low demand would relocate to areas that were more profitable, leaving regional areas with a reduced taxi service<sup>17</sup>. This would be inconsistent with the view that the taxi industry is a provider of public transport for people who do not have access to other transport services. It would also provide an unfair commercial advantage to taxis originating in rural areas, where demand for taxi services is low and licences could be obtained for as low as \$1 000, over the metropolitan operators, who need to factor in significantly higher licence costs, either through lease fees or purchase costs, into their operations.

The Review Group also considered that taxi areas benefited the industry by 'providing certainty of demand by preventing taxis from moving freely from one area to another<sup>18</sup>'. The benefit to the public in general of having taxi areas was that, as licences outside urban areas are low in value, there is not a significant barrier to entry to the industry in the rural areas<sup>19</sup>.

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<sup>14</sup> *Taxi Industry Regulations 1996* (Tas), Regulation 24(1).

<sup>15</sup> *ibid.*, Regulation 24(1A).

<sup>16</sup> Taxi Industry Review Group: *op. cit.*, page 36.

<sup>17</sup> *ibid.*

<sup>18</sup> *ibid.*

<sup>19</sup> *ibid.*

It saw the main cost imposed by taxi areas as being the lack of supply of taxis in peak periods, since operators are prohibited from moving outside their own area to busy areas. However, in evaluating this issue, the Review Group found that in most cases, there is sufficient availability of taxis to adequately meet demand in all areas even at peak times (apart from extraordinary times of high demand). Thus, it concluded that the cost of preventing the free movement of taxis is not high<sup>20</sup>.

However, not all of the industry agrees with this view. Some members of the industry have argued that, while there is a sufficient number of taxis to meet demand at most times, including normal peak times, there is a tendency for some operators and drivers to not work during some of the periods of higher demand such as Friday and Saturday nights. This means that demand may not always be met at certain times, despite the number of taxis being, in theory, close to adequate. Reasons for not working these hours might include the driver not wishing to work unsocial hours or not wishing to travel with clients who are more likely to behave in an offensive manner, or the operator not wishing to transport passengers who might be more likely to damage the vehicle.

There are mixed views within the industry as to whether the practice of avoiding working during peak hours should continue to be permitted. Some members of the industry consider that there should be a requirement that all taxis operate when there is demand and that a taxi licence places an obligation on its operator to provide a service. Others consider that the hours of operation should be up to the individual operator, who is responsible for running his or her own business and who should be able to make his or her own commercial decisions. This issue will be discussed in further detail in the discussion paper on licensing issues.

## **2.6. Taxi areas in other jurisdictions**

### **2.6.1. New South Wales**

Taxi licences specify the area of operation within which a taxi is authorised to operate in New South Wales (NSW). A taxi must not ply or stand for hire outside its area of operation and can only operate outside the area of operation to transport a person from outside the area to a destination within the area<sup>21</sup> or to transport a person from within the area of operation to a destination outside that area<sup>22</sup>. If no area is specified in the licence conditions, the taxi can operate anywhere in the State<sup>23</sup>.

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<sup>20</sup> *ibid.*

<sup>21</sup> *Passenger Transport (Taxi-cab Services) Regulation 2001* (NSW), Regulation 69A.

<sup>22</sup> *ibid.*, Regulation 70(1)(a).

<sup>23</sup> *Passenger Transport Act 1990* (NSW), Section 32E.

There are 138 areas of operation in the State. The area of operation of a licence is a term of the licence specified by the Ministry of Transport in the licence, and is nearly always a transport district (i.e. Sydney, Newcastle and Wollongong, as defined in the *Transport Administration (General) Regulation 2005*), a city, municipality, shire, town or village. Seventy four per cent of the towns and villages in the State, as well as numerous hamlets and very large expanses of sparsely settled areas in the western half of the State, are not serviced by taxis, and it is unlikely that a taxi service in any of these areas would be commercially viable. However, there is no restriction on people applying for licences in these areas if they wish to do so, and such an application would normally be granted. There are no restrictions on licence numbers in NSW.

The regulatory and policy differences between urban and rural taxis include fares, vehicle ages, driver safety equipment, vehicle inspections and the display of advertising.

### 2.6.2. Victoria

Victorian taxis are operated in three zones: metropolitan (Melbourne), urban (Ballarat, Bendigo and Geelong) and country, which includes outer-suburban Melbourne. At 30 May 2006, there were 4 425 taxis in Victoria, including 3 560 in the metropolitan area, 230 in the urban areas and 635 in the country areas. WATs accounted for 367 vehicles in the fleet<sup>24</sup>.

Taxis within the country zone are licensed to operate in a particular taxi operating area. Under their licence conditions, country taxis can undertake rank and hail work only when they are in the taxi operating area approved for that taxi, which is generally within a defined radius of the town's Post Office. For pre-bookings through the depot, a taxi can carry a passenger from any place to any other place, except for hirings that are wholly within the metropolitan and/or outer suburban taxi zones. If a hiring commences or finishes outside an 80 kilometre radius of the principal post office in the taxi operating area, the metered fare does not have to be charged, and the fare must be agreed in advance with the hirer prior to the commencement of the hiring<sup>25</sup>.

Vehicle specifications are the same in country areas as in metropolitan areas, including the requirement for taxis to have the standard taxi yellow livery. However, country taxis can operate for up to 7.5 years, as opposed to 6.5 years in the city, and they are not required to install security cameras.

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<sup>24</sup> Victorian Taxi Directorate website:  
<http://www.doi.vic.gov.au/doi/internet/vehicles.nsf/AllDocs/712BF0EEC0458993CA256F320020A3FB?OpenDocument>  
accessed 1 June 2006.

<sup>25</sup> Victorian Country Taxi Industry Review Working Group: *Country Taxi Review*, Final Report, May 2006, page 8  
([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)).

### 2.6.3. Queensland

Queensland taxis operate in either metered or exempted areas. Exempted areas are those that are not large enough to support a full metered service and have only a small number of taxis (e.g. up to three or four). Taxis in exempted areas are not required to have a meter installed. Communities with over 10 000 people are serviced by one or more taxi booking companies, which enter into contracts with Queensland Transport to meet minimum service levels. All taxis in these communities are required to affiliate with a taxi booking company. At May 2006 there were 23 contract holders throughout the state and a total of 2 790 taxis were affiliated with these contract holders. There were 90 exempt taxis, and a further 78 metered taxis that operated outside the contract areas.

In Queensland there are 108 taxi service areas. Taxi service areas are declared by *Gazette* notice. Boundaries in exempt taxi service areas are generally the town boundary. In contract areas the boundaries are clearly defined by maps and word descriptions. There are areas in the State where no taxis operate.

Taxis must only operate in their own taxi service area. However they can pick up a fare in their own area and drop off in another area. They can also operate where there is no defined taxi service area.

Major regulatory differences between metered and exempted areas relate to fares and the calculation of fares. Vehicle ages for taxis in exempted areas can exceed the limits prescribed for metered areas.

### 2.6.4. South Australia<sup>26</sup>

South Australia (SA) is different to other jurisdictions in that the State Government does not regulate taxis outside the metropolitan Adelaide area. Traditionally, local councils had regulated taxis in the non-metropolitan areas, but as at June 2006 only three non-metropolitan councils had active by-laws for licensing taxis outside Metropolitan Adelaide. In these cases, the licence is for the Council's geographic area of authority.

All other country areas do not currently licence taxis. Taxi type services are operated in these areas by Small Passenger Vehicles: Non-metropolitan Vehicles (SPV:NV). 'SPV' is a category of vehicle that generally approximates to hire cars in other jurisdictions. SPVs are generally not permitted to be called taxis, use taxi ranks, ply for hire on public streets or use a taximeter. However, SPV:NVs, which only operate in non-metropolitan areas, are able to provide 'country

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<sup>26</sup> Information supplied by the SA Department for Transport, Energy and Infrastructure.

taxi' services if they have approval from the Minister to do so. They can thus ply for hire from the street or rank and have a taximeter and roof sign.

SPV:NVs must provide the Government with a Plan of Operation which details where they will operate, but there is no provision that restricts them from operating elsewhere. The SPVs that operate as hire cars (as opposed to country taxis) can operate anywhere outside Metropolitan Adelaide, including the three council areas. However, the country taxis (SPV:NVs) will not be approved to operate in the three council areas, unless the council is not applying its by-laws in relation to taxi licences (This is the case in one area, where the council by-laws are still active but the Council has not required the operator to get a taxi licence.)

Non-metropolitan taxis can carry people into or out of the metropolitan Adelaide area, but cannot undertake a hiring wholly within that area. Likewise, Adelaide metropolitan taxis can transport passengers to or from areas outside the defined metropolitan zone. They have a scheduled country running rate (including a return fare) for these jobs.

The differences between regulation in the metropolitan area and the non-metropolitan areas relate mainly to the age and colour of the vehicle, with non-metropolitan vehicles also not being required to have security cameras installed. All drivers must have accreditation to ensure that they are 'fit and proper'. Operators in non-metropolitan areas where councils licence taxis are exempt from accreditation, and the State Government vehicle standards (relating to age etc) do not apply, but the vehicles must meet required standards of roadworthiness.

#### **2.6.5. Western Australia**

At June 2006 there were 429 taxis operating in regional Western Australia (WA). This included 18 multipurpose taxis, 14 peak period taxis and 93 private taxis (i.e. limousines and hire cars).

WA has only two taxi areas – the taxi control area, which is the Perth metropolitan area, and regional WA. In regional WA licences are issued to operate within 30 kilometres of a town's General Post Office (GPO). There are currently licences on issue in 47 regional towns. In the regional areas, 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. Some very small towns do not have a taxi service, and the Government occasionally advertises for expressions of interest in these towns.

Regulation of the industry in rural areas differs from that in metropolitan areas. For instance, there is no formal training requirement for country taxi drivers. There is no age limit on country taxis and no requirement for security cameras. Metropolitan taxis are required to be affiliated with a taxi dispatch service, and to comply with the Government's reporting requirements and performance standards.

### 2.6.6. Northern Territory

Taxi areas in the Northern Territory (NT) are declared by the Minister and given effect by notice in the *Gazette*. There are five taxi areas: Darwin, Katherine, Alice Springs, Gove and Tennant Creek. Different areas are defined differently. The Darwin area is defined by the electoral boundaries, Alice Springs is defined by the town boundary, and the other areas are defined as being a specified number of kilometres from the town's GPO.

Under the *Commercial Passenger (Road) Transport Act 1991* (NT), taxis can only operate in the taxi area specified in the licence, unless the journey is into the area from a place outside the area, or from the area to a place outside the area on the return journey by a direct route to the place from which the passengers were driven into the taxi area<sup>27</sup>.

The significant differences between regulation in the metropolitan areas (Darwin and Alice Springs) and the non-metropolitan areas include: a cap on licence numbers and a requirement for driver training in the metropolitan areas, and different fares for all areas<sup>28</sup>.

### 2.6.7. 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 no defined taxis areas, with taxis able to operate throughout the Territory. Queanbeyan Taxis can operate in the ACT under a cross border arrangement with the NSW Ministry of Transport. Under these arrangements the ACT Road Transport Authority accredits NSW operators under ACT legislation, and the taxi network is exempt from the requirement to be accredited in the ACT. The ACT also has a series of exemptions for the operators in relation to things that would conflict with their NSW requirements. Similar arrangements exist between the ACT and NSW to enable ACT taxis to operate in Queanbeyan<sup>29</sup>.

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<sup>27</sup> *Passenger (Road) Transport Act 1991* (NT), Section 21.

<sup>28</sup> Information supplied by NT Department of Planning and Infrastructure.

<sup>29</sup> Information supplied by ACT Road Transport Authority.

## 2.7. Current situation

The following tables outlines the distribution of taxi licences in Tasmania.

**Table 4 – Taxi licences on issue in Tasmania (June 2006)**

Taxi Area	Licences	WATs	Taxi Area	Licences
Hobart	207	20**	Dorset	2
Launceston	91	9	Glamorgan/Spring Bay North	2
Burnie	22	1	King Island	2
Devonport	22	1	Meander	2
New Norfolk	9		Penguin	2
West Coast	8*		Tasman Peninsula	2
Perth	7*		West Tamar	2
Ulverstone	7		Bruny Island	1
Circular Head	5		Flinders Island	1
George Town	5		Glamorgan/Spring Bay South	1
Huon Valley	4*		Central Highlands	1*
Break O'Day	3		Kentish	0
			<b>Total standard licences</b>	<b>408</b>
			<b>WAT licences</b>	<b>31</b>

\* One licence taken up in the 2006 release of licences in each area.

\*\* Two WAT licences have been allocated (but not issued) in Hobart for 2006.

In 2004, 2005 and 2006 new perpetual licences were made available in all taxi areas outside of Hobart, Launceston, Devonport and Burnie. The 2006 licences were advertised to the industry at the end of March 2006. In 2006, compliant tenders were received for perpetual licences in six taxi areas. The successful tenderers for licences in the Central Highlands, Huon Valley, Perth and West Coast areas have accepted their licences. The tenderers in the other two areas are not proceeding with the purchase of the licence.

The licences in the areas where no licence was taken up (including those areas where the licence was tendered for but not taken up) remain available for sale at the AMV until the 2007 licences are made available in March 2007.

In the Central Highlands and West Coast areas the successful tender price 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 available a further licence in each of these areas in June 2006<sup>30</sup>.

WAT licences were made available in the metropolitan areas in place of perpetual licences. Due to technical problems associated with the allocation process, only two licences were allocated. The remaining 17 licences for 2006 (eight in Hobart, five in Launceston and two in each of Burnie and Devonport, including one licence in each of these two areas that was not taken up in 2005) will be made available again later in 2006 once these issues have been resolved.

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<sup>30</sup> Taxi and Luxury Hire Car Industries Act, Section 19(5).

### **3. Issues**

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

This section considers issues raised by the Review Group and other issues relating to taxi areas that have arisen since the 1999 Review.

The Review Group supported the retention of taxi areas, although there were some calls during the Review to amalgamate areas and/or to remove the area system altogether. For example, it was suggested that taxi areas could be changed to allow 'spill over' at the boundaries of each area to assist in meeting unmet demand in some areas. The Review Group noted that the difference in licence values in different areas was a barrier to allowing 'spill over', but that it might be feasible to remove or amalgamate taxi areas where there was little difference in licence values<sup>31</sup>.

Both options are considered in this Section.

#### **3.2. Overlapping taxi areas**

It was suggested in the consultations for the 1999 Review that the taxi area arrangement could be changed to allow 'spill over' at the boundaries of each area. It was claimed this arrangement would benefit users as many rural areas had excess supply that could be utilised in adjoining areas to meet unmet demand<sup>32</sup>.

The Review Group found it difficult to evaluate the costs and benefits of this alternative, due to the lack of response from other operators and users in relation to the proposal. Subsequently, advice was sought from DIER, and it was found that there had been relatively few complaints about the supply of taxi services in rural areas. In the cases where the Transport Commission had been satisfied there was unmet demand in a rural area, an additional taxi licence had been made available. It is understood this action had been effective in resolving the problem in these specific cases<sup>33</sup>.

The Review Group identified that the difference in the value of the licences between areas was a barrier to permitting 'spill over'. It was felt that permitting 'spill over' of areas could undermine the objective of ensuring that there were taxis services in all areas of the State, as taxis in areas of low demand (and low licence values) might seek work in adjoining areas where demand (and

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<sup>31</sup> Taxi Industry Review Group: op. cit., page 37.

<sup>32</sup> *ibid.*, page 36.

<sup>33</sup> *ibid.*, page 37.

licence values) was higher. However, the Group found it difficult to identify any costs associated with removing or amalgamating areas where there was little difference in licence values<sup>34</sup>.

### 3.2.1. Current areas of overlap

The Launceston taxi area extends beyond the boundaries of the City of Launceston into the adjoining municipalities of West Tamar, Meander and Northern Midlands, and the Perth taxi area includes land in the three local government areas of Meander Valley, Northern Midlands and Launceston. The effects of this are as follows:

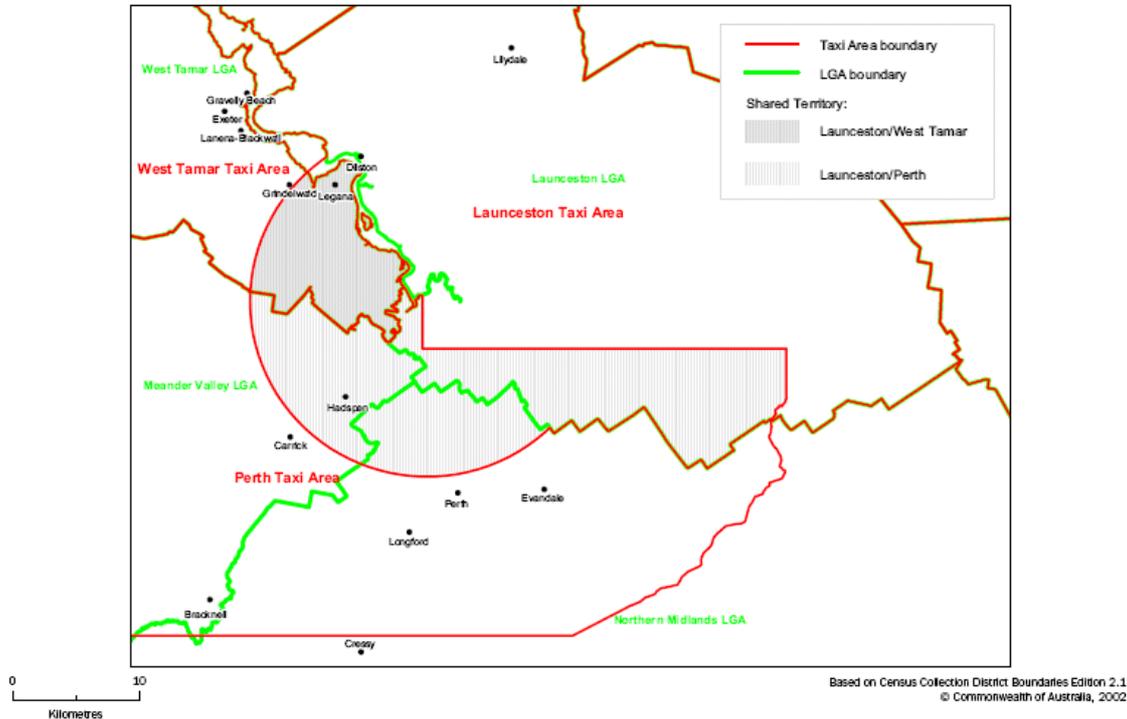
1. There is a small area of the West Tamar municipality/West Tamar taxi area that is also part of the Launceston taxi area. This means that an operator licensed to operate in the Launceston area can operate within that part of the West Tamar taxi area where there is overlap. A West Tamar operator can work within the part of the West Tamar municipality that is also part of the Launceston taxi area. DIER understands that some of the work in this area of overlap, particularly the shorter journeys, may be less attractive to Launceston drivers as they have to travel further than West Tamar drivers to pick up the customer.
2. The Perth taxi area includes part of the Meander Valley municipality, including the Launceston Casino precinct. While this area is part of the Meander Valley municipality, it is not part of the Meander Valley taxi area. Thus the Meander Valley taxi area does not include the entire municipality of Meander Valley and Meander Valley taxis cannot operate wholly within that part of the municipality that is in the Perth taxi area.
3. The Perth taxi area includes part of the Northern Midlands municipality. The remainder of that municipality is not part of any taxi area.
4. The Launceston taxi area 'spills over' into the Perth taxi area and includes the part of the Meander Valley municipality that is part of the Perth taxi area and a small part of the Northern Midlands municipality that is part of the Perth taxi area (including the Launceston Airport precinct). The Perth taxi area also spills over into the Launceston taxi area. There is thus a 'shared zone' between Perth and Launceston taxi areas that includes these areas of overlap. This means that taxis in the Launceston taxi area are able to sit on taxi ranks within some parts of the Perth taxi area, including the Launceston Airport rank. Perth taxis can accept work from the Launceston Casino and Olde Tudor rank at Prospect.

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<sup>34</sup> *ibid.*

The following diagram demonstrates this overlap. The Launceston Airport is located within the Northern Midlands municipality, within the shared taxi zone, north-east of Perth.

**Figure 1 – Shared Taxi Areas – Launceston, Perth, West Tamar**



The overlap of the Launceston taxi area into other municipalities arose due to the redrawing of municipal boundaries in the 1990s and the need for the Transport Commission to continue to provide operators with access to the same operational areas as they had previously had access to when cab licences were converted to perpetual taxi licences at the commencement of the 1995 Act. In the case of Launceston, under the previous public vehicle licensing arrangements, Launceston cabs had access to the Launceston Airport rank and the Casino, which are not located within the Launceston City Council area, but which are part of the Launceston taxi area. Likewise, Perth taxis had access to the Casino and the Olde Tudor Rank, which is located within the Launceston City Council area.

The inclusion of Launceston Airport, as well as a significant part of Launceston city, within the Perth taxi area is of concern to the Launceston taxi industry, as Perth taxis (current AMV \$21 900) have access to a significant proportion of work available in Launceston, without having a Launceston taxi licence (current AMV \$43 000, with recent trading data showing that the actual market value is closer to \$60 000). It is claimed that this has resulted in a lack of taxi services in the Perth area, as the Perth taxis are working more frequently in Launceston than in Perth, as returns are potentially higher due to higher levels of demand.

However, claims that Perth licences are sought after as an inexpensive means of obtaining a 'de facto' Launceston licence are not supported by the take-up of new perpetual licences made

available over 2004 – 2006. In each of these years, there were potentially two new perpetual licences available (the initial licence and an additional licence if the successful tender price exceeded the AMV by more than ten per cent). However, in each year only one licence was taken up. In 2005, when the tendered price exceeded the AMV by more than ten per cent, although an additional licence was made available, it was not taken up. It would be expected that if a Perth licence had been seen as a means of entering the Launceston market, these licences would have been highly sought after, with tendered prices reflecting a high level of demand.

### **3.2.2. Options for ‘spill overs’**

As noted by the Review Group, licence values may be an obstacle to implementing a ‘spill over’ arrangement between adjoining areas where the differences in licence values and demand are significant. The result could be a reduction in services in the area/s of lower demand to meet demand in the more profitable area.

‘Spill overs’ were proposed as a solution to surplus supply in rural areas and unmet demand in adjoining areas. It would thus not be appropriate to have such arrangements unless it could be clearly demonstrated that there was both a surplus of taxis in one area and an unmet demand in another, adjoining, area.

If there were a permanent surplus of taxis in one area and a permanent unmet demand in an adjoining area, a ‘spill over’ arrangement is one way in which this could be managed to the advantage of operators and customers in both areas. A permanent surplus of taxis, especially in a smaller area where the potential to increase the market is limited, is unlikely to be sustainable in the longer term and operators with under-utilised taxis might choose either not to operate the licence, as currently happens in some areas, or to leave the industry altogether. If these operators were permitted to operate within ‘spill over zones’ in adjoining areas where a need for additional services was identified, this might enable them to continue to operate their full complement of licences.

This approach has a number of problems. First it might be difficult to identify a particular zone within the adjoining area where there was sufficient demonstrated unmet demand to justify designating it as the ‘spill over’ zone, unless there was a particular pocket of the taxi area not well-served by taxis, due to its distance from the main area of taxi activity. In this case, a ‘spill over zone’ might be designated to allow an out of area taxi, which might be geographically closer to that community, to undertake that work.

Second, it is unlikely that any unmet demand would be continuous. For example, most of the taxi industry would agree that there is very little demand for taxis in any area between the hours of midnight and 5:00 am early in the week, so there would be no need for the ‘spill over’ taxis to

be working in the 'spill over' areas at these times. It is more likely that unmet demand occurs only at particular times (e.g. late nights on Fridays and Saturdays) or during special events (e.g. New Year's Eve, major race days etc). 'Spill over' zones could be used to enable out of area taxis to meet this demand at these designated times.

However, such an approach would not be desirable if an outcome was that a 'spill over' taxi's 'home' area was left without a taxi service, or with a reduced service that meant that demand in the 'home' area was not being met.

Further, if there was unmet demand in some areas, the issue of additional perpetual taxi licences every year from 2007 in accordance with the Act, should go some way to meeting this demand over the longer term.

The issue of licence values would also need to be addressed. It would seem to be unfair to operators in the area of higher valued licences to allow operators that have purchased much cheaper licences to operate in that area and access some of that market. However, it could also be argued that if demand was not being met by existing operators, they would not be losing anything by allowing other operators in and that the business these operators were doing would not have otherwise been done.

One way in which this could be managed might be to ensure that the 'spill over' zones and the times at which the 'spill over' taxis were able to operate outside their areas were tightly defined (e.g. through licence conditions) and to charge the 'spill over' operators an additional fee that might represent the additional value of their licence given the additional market that they had access to. This access to an additional market would also need to be reflected in the AMV of licences in these areas. Licence conditions might also stipulate that priority must at all times be given to customers in the operator's 'home' area. Enforcement of such conditions, however, is likely to be difficult.

### **3.2.3. Questions**

1. Is there a need for 'spill over' zones to be introduced in some taxi areas so that taxis in adjoining areas can assist in meeting unmet demand (e.g. smaller townships that are closer to an adjoining area than to the centre of their area)? Where might these zones need to be established?
2. Are there any areas where there are surplus taxis that could be used as 'spill over' taxis?
3. How could 'spill over' zones be introduced so as to ensure that demand was still met in the 'spill over' taxi's home area? For example, should the use of 'spill over' zones be restricted to specific times?

4. How could the use of 'spill over' zones be enforced?
5. Should the boundaries of the Perth, Launceston, West Tamar and Meander Valley taxi areas be redefined? If so how? (For instance, is there a continued need for an overlap between the Launceston and West Tamar taxi areas? Should the Launceston Airport continue to be part of the Perth taxi area? Should the Launceston Casino continue to be serviced by Perth and Launceston taxis? Would Meander Valley taxis be in a position to service this market?)
6. Are the current 'spill over' arrangements between Launceston and Perth appropriate –
- Is there unmet demand in the towns in the Perth area (e.g. Perth, Evandale and Longford) as a result of Perth area taxis being able to operate in Launceston?
- How many licences would be viable in the Perth area if there was no access to the Launceston area?
- Is there sufficient demand at Launceston Airport to justify allowing both Perth taxis and Launceston taxis to operate from there?
- Would there be an unmet demand for taxis in Launceston if the 'spill over' arrangements were ceased?

### 3.3. Amalgamating taxi areas

The Review Group found that taxi areas were important in achieving the objective of ensuring the availability of taxi services in all parts of the State. However, the Group argued that while urban areas may be justified, where there is high demand, it was not able to determine whether the number of rural areas was optimal<sup>35</sup> – i.e. whether the existing boundaries delivered the right balance of supply and demand.

The Review Group contended that the market is the best mechanism to determine supply. Thus, if there were currently demand for services in areas, then this would not disappear simply because the area system was removed. Furthermore, given the demography of the State, the Review Group considered that little change would occur from any amalgamation of rural areas. That is, the taxi services that are established in most major rural centres would be unlikely to move to another rural town simply because the area borders had been removed, provided that there was demand for taxis in their area of origin<sup>36</sup>. This can already be seen in some

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<sup>35</sup> *ibid.*

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

non-metropolitan areas where there are taxi services in more than one town, such as on the West Coast, where there are taxis in Strahan and Queenstown and Rosebery. It has not been proposed that there should be a separate Queenstown taxi area or a Strahan taxi area to ensure that those towns continue to maintain a taxi service (although under the previous public vehicle licensing arrangements taxis were licensed to operate in these towns, rather than in a 'West Coast' area). Likewise it is not proposed that if some taxi areas were to be amalgamated, all taxis in each of the new areas would have to operate from the same town. Thus each town would continue to maintain its own distinct service.

The Review Group considered that the benefits of removing areas were important, as it would provide taxis with greater flexibility to respond to both seasonal changes in demand in different areas (e.g. the coast in summer), as well as to longer term changes to demand due to new infrastructure developments, such as industrial areas, and changing demographics<sup>37</sup>. If this view is correct, it might mean, for example, that some taxis in areas where demand typically decreases over the summer period (if there is any such area) might relocate temporarily to a coastal area, where there would be more demand and where the existing service might be inadequate at that time. Alternatively, it might mean that if a town's population and demand for taxi services was in decline, the taxi operator would be able to move the service to a town that was increasing in size without needing to purchase a new licence to operate in that area. This would, however, lead to a reduction in supply for the, albeit, smaller market in the original town, which would not be a desirable outcome for residents in that town.

Whether there is a need for taxis in rural areas to be able to respond to changes in demand in this way is not known, nor is whether this type of movement would, in fact, occur. It seems unlikely that an established operator in a small town would move outside their area on a temporary basis to service a need in another town. This could have the effect of alienating their existing clients, as well as leaving the door open for a new operator to enter the market in that town. If the original operator did this, when they returned, their client base might have decreased considerably. Given that, in general, taxi services in rural areas need a well-established relationship with their customers to survive, such a scenario seems unlikely.

The Review Group conceded there was likely to be considerable opposition from the industry to amalgamating areas, given the variation in licence values between areas<sup>38</sup>. In particular, the amalgamation of areas could provide the opportunity for an operator who had purchased a licence in an area of low demand for \$1 000 to move to an area where demand was greater and licence values were accordingly higher and set up a new taxi service at an unfair commercial advantage over operators who had paid in excess of \$20 000 for their licences. If this occurred, it would also leave the residents of the area of lower demand without a taxi service. The

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

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

Review Group was aware of this concern and thus recommended that further work be undertaken to assess the feasibility of amalgamating adjoining taxi areas with similar AMVs rather than all taxi areas<sup>39</sup>.

The first assessment of AMVs for taxi licences determined the AMV of licences at 1 July 2003, and these values are listed in the Taxi Areas Regulations. A number of taxi areas close to one another now have the same or similar AMV. While this was not an intended outcome, it is not surprising. Due to the small number of, or nil, licence transfers in most regional areas, it was not possible for the Valuer-General to determine a market value of these licences for the 2003 valuation based on trading data, which would have played a significant part in determining the AMV in Hobart and Launceston. AMVs in some areas were determined by a range of other factors, including the value of licences in areas with similar economic and demographic characteristics and thus similar demands for taxi services per head of population.

Table 5 outlines the areas where neighbouring or nearby areas have similar AMVs.

**Table 5 – Taxi areas with similar assessed market values of taxi licences at 1 July 2003<sup>40</sup>**

AMV at June 2003	Taxi area
\$21 900	George Town, West Tamar, Meander Valley, Perth
\$19 000	Break O'Day
\$20 000	New Norfolk
\$11 000	Huon Valley
\$3 000	Kentish (no licences on issue at June 2006)
\$2 500	Penguin
\$1 000	Central Highlands, West Coast
\$3 000	Glamorgan/Spring Bay North
\$1 800	Glamorgan/Spring Bay South

The issues around whether any of these areas should be amalgamated are the same as those around whether *any* areas should be amalgamated, namely if:

1. there needs to be increased flexibility between areas;
2. amalgamating areas is the appropriate way to provide such flexibility; and
3. this would have a detrimental effect on customers in smaller areas.

<sup>39</sup> *ibid.*

<sup>40</sup> Taxi Areas Regulations, Regulation 7.

Given that the AMV is due to be reassessed as at 1 July 2006, it would not be sensible to consider the amalgamation of specific areas before this process had been completed, as some values might have changed to the extent that they might no longer be similar to the adjoining areas. However, it is sensible to assess whether this issue should be considered further in the future.

There may also be concern about the potential for any areas that were to be amalgamated with the Perth taxi area to gain additional access to the Launceston area. This issue was discussed above.

### **3.3.1. Questions**

7. Is the number of taxi areas in Tasmania appropriate? Are there too many or not enough non-metropolitan taxi areas?
8. Should some taxi areas be amalgamated? If so, which areas and why?
9. Is there a need to refine some of the taxi area boundaries (e.g. are there any anomalies at a micro-level)?
10. Is there a need for taxi operators to be able to move between areas to service areas of higher demand, e.g. on a seasonal basis? If so, what would be the impact of this demand on the operators in these areas?
11. If rural taxi areas were amalgamated, would operators move, either permanently or temporarily, to areas of higher demand? If so, what would be the effect on customers in the original areas?
12. If rural taxi areas were amalgamated, how could this be done fairly to ensure that operators who had paid low licence prices did not have an unfair commercial advantage over those who had paid higher licence prices?
13. If there is a need for increased flexibility for taxis to move between areas, could this be achieved other than by amalgamating taxi areas? How else could it be achieved?

### **3.4. Other taxi area issues**

#### **3.4.1. Metropolitan taxi areas**

The metropolitan taxi areas are geographically large and cover a large proportion of Tasmania's population. However, it has been suggested that some pockets within these areas are not being adequately serviced because operators tend to focus their efforts on the more densely populated areas and the airports, where the most profitable work is likely to be found. This means that people in some of the outlying centres can find it difficult to get a taxi, as the driver may not want to travel from, for example, central Hobart to Rokeby to take a customer to the local hairdresser.

Prior to the introduction of the current taxi area system, taxis were more restricted in where they could operate. For example, in the Hobart area there were Eastern Shore taxis and Kingston taxis and so on. Under this arrangement, it is likely that there would have been more taxis available in the outlying areas. However, it would also have meant that in times of peak demand in the city, there would not have been enough taxis. Expanding the metropolitan taxi area has provided the industry with greater capacity to meet demand at these times.

However, this does not alleviate concerns about the lack of access in the outlying parts of the metropolitan areas, an issue which has been alluded to during this review. Some operators have expressed concern that taxi drivers find it more profitable to sit on the airport ranks than service clients in some areas. This is an example of the conflict between the need for taxis to provide a supplementary public transport service to people who cannot access other forms of transport and for the industry participants to operate profitably. The extent to which this is a problem is not known, and it is not clear how this can be resolved, as there is currently no requirement for drivers or radio rooms to accept phone booked work, and taxis are free to operate anywhere within their licensed area. Changes to these arrangements would impact on an operator's ability to make commercial decisions in respect of his or her business.

It has been noted that radio rooms attempt to fulfil these jobs and that they will often 'reward' drivers who take the less profitable jobs with more attractive work later. It has also been suggested that taking these apparently less profitable jobs can, on occasion, result in the driver picking up a significantly better job as a result of them being in the area (e.g. a return journey to the city).

Other than returning to more restricted areas, which would be difficult to implement and likely to require either licence buybacks or compensation to operators, there appear to be few options available to overcome this issue. One suggestion might be to exclude the airports from the metropolitan areas, and to require owners to pay an additional licence fee to be able to access the airport ranks for pickups. This is unlikely to be a popular option and, as an additional cost

would be imposed on operators, the need for such a change would have to be clearly demonstrated, as well as the benefits arising.

#### **3.4.2. Burnie taxi area**

In Burnie/Wynyard, the taxi co-operative is based in Burnie and taxis work in Wynyard on a roster basis. This is to ensure that there are sufficient taxis in Wynyard to meet demand, although the co-operative has had occasions when customers have had to wait longer than normal for a taxi in Wynyard because all of the rostered Wynyard taxis were travelling to or from Burnie. In general, however, this system is reported to work reasonably well.

The Burnie/Wynyard taxi area specifically excludes the towns of Savage River and Waratah, which are not included in any taxi area, but which are part of the municipality of Waratah-Wynyard. This is the result of the process of converting cab licences to perpetual taxi licences. When the areas were first gazetted, there was one operator in the Savage River/Waratah area. It was not deemed appropriate for this operator to convert their licence to a Burnie licence, which would have had a much greater value than the 'Savage River/Waratah' licence that was used to service those towns. The majority of this operator's work was understood to be contract work for Savage River mine employees, with little or no standard taxi work being undertaken. Consequently, Waratah and Savage River were excluded from the Burnie taxi area, but were never gazetted as a separate area. This issue was apparently overlooked and, once the operator closed their business, was never rectified. Given that these towns are part of one of the municipalities making up the Burnie taxi area, and that Burnie taxis are reported to transport passengers between these towns and Burnie, there seems to be no reason why they should not be included in that area.

#### **3.4.3. Ulverstone taxi area**

The Ulverstone taxi area has seven licences on issue, which makes it a much smaller area than the other areas classified as metropolitan. However, the AMV of Ulverstone licences at 1 July 2003 was \$30 000. In terms of the AMV it is thus 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). Ulverstone is also included with the metropolitan areas as a security camera area, so its fares are the same as fares in other metropolitan areas. In terms of licences on issue, it compares non-metropolitan areas such as New Norfolk (nine licences), George Town (five licences) and Circular Head (five licences).

Because of the high licence value and the security cameras, it could be argued that Ulverstone might be more appropriately classified as metropolitan. However, the small number of licences on issue and the smaller population base suggests that this should not be the case. It is

unlikely that the operating conditions facing operators in Ulverstone would be the same as those in Hobart or Launceston.

However, the anomaly of having mandatory security cameras in Ulverstone raises the question of whether cameras should be mandatory in other larger non-metropolitan areas (see Section 3.6). It also raises the question of whether the terms 'metropolitan' and 'non-metropolitan' are adequate to cover all areas within the state. Although these terms are largely administrative, they are a convenient way in which areas where operating conditions may be similar can be grouped for the purpose of regulations (e.g. the introduction of WATs into metropolitan areas). This issue is discussed further in Section 3.8.

#### **3.4.4. Excluded zones**

Some parts of Tasmania are not included in any taxi area. These include the towns of Waratah and Savage River, as noted in Section 3.4.2, as well as most of the municipality of Northern Midlands (other than the part that is included in the Perth taxi area) and the entire municipality of Southern Midlands. This means that taxi services could not be introduced into centres such as Campbell Town, Ross and Oatlands, although taxis from other areas could still transport people to or from their own area into or out of these centres. However, a taxi could not take a client from Ross to Campbell Town.

There are also pockets around the Hobart taxi area that are not covered by any taxi area. These include parts of the municipalities of Kingborough and Sorell, although the major centres in these areas (Kingston, Blackmans Bay, Taroona, Dodges Ferry, Lewisham, Midway Point and Sorell) are included in the Hobart taxi area. Smaller towns such as Campania, Forcett and Primrose Sands are not included in the Hobart taxi area, although Hobart taxis could take people to and from these areas.

It has been suggested that there is no reason why these areas should not be included in a taxi area (even if the demand for taxi services is very low) in order that people residing in these areas can travel by taxi within their own area. In the case of the areas around Hobart, it would appear to be sensible that they be incorporated into the Hobart area. In the case of the Midlands areas, one option would be to establish a new Midlands taxi area. An alternative would be to incorporate the two municipalities into two or more existing areas. For instance, the remaining part of the municipality of Northern Midlands could be incorporated into the Perth taxi area and the municipality of Southern Midlands could be incorporated into the Central Highlands or New Norfolk taxi areas.

Establishing new taxi areas for the Midlands areas is unlikely to result in new taxi services being set up in these areas, given the small population centres, and thus the low likelihood of demand for taxis. Many of the adjoining areas have a very small number of licences on issue (e.g. the

Central Highlands has only one licence on issue, Glamorgan/Spring Bay South has one, Glamorgan/Spring Bay North has two and Break O'Day has three licences), so the demand for licences in a new area is unlikely to be high. However, this alone cannot be the justification for the Midlands area to continue to be a 'dead zone' for taxis.

The population of the areas may give some indication as to the potential viability for a taxi service. Table 6 presents some figures for consideration.

**Table 6 – Comparison of population of selected local government areas at June 2005 with taxi licences on issue in the area at July 2006**

Municipality	Population <sup>41</sup>	Taxi licences on issue
Break O'Day	6 194	3
Central Highlands	2 337	1
Derwent Valley	9 517	9
Dorset	7 120	2
Flinders	897	1
Glamorgan/Spring Bay	4 296	3
Huon Valley	14 567	4
Kentish	5 784	0
King Island	1 570	1
Northern Midlands <sup>A</sup>	12 167	0
Southern Midlands	5 736	0
Tasman	2 180	2
West Coast	4 946	8
West Tamar	21 237	2

A – Includes areas incorporated into the Perth taxi area.

This table demonstrates that there is no clear correlation between the population of an area and the number of taxi licences on issue. For instance, 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

<sup>41</sup> Australian Bureau of Statistics: Cat 3218.0 - Regional Population Growth, Australia, 2004-05 (Preliminary), 23 February 2006, sourced from <http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/3218.0Main%20Features72004-05?opendocument&tabname=Summary&prodno=3218.0&issue=2004-05&num=&view=> accessed 28 June 2006.

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).

Nevertheless, it is not readily apparent why a taxi licence in the Northern or Southern Midlands would be any less viable than one in the Central Highlands, Dorset or the Huon Valley, for example.

Incorporating the Midlands areas that are currently not in taxi areas into existing areas would provide an additional market for the existing operators, although they might not be in a position to service the larger centres in these areas, due to the distance from their base. This would not, however, prevent new operators from entering the market in these areas, although this would only happen if there was a need for taxi services in these centres and if a new taxi service could be viable.

#### **3.4.5. Questions**

14. Should some of the larger non-metropolitan taxi areas be further divided? If so, which areas and why?
15. Are the metropolitan taxi areas sufficiently well defined to provide service to all customers in these areas? Do they need to be subdivided?
16. Are some taxis failing to provide services to outlying parts of the metropolitan areas in favour of more profitable work? To what extent is this a problem? How can the industry be encouraged to provide better service to these areas? For instance, would it be reasonable to introduce requirements for phone booked work to be accepted?
17. Should the airport ranks be restricted to taxis specifically licensed to operate from these ranks? Why or why not?
18. Is Ulverstone a metropolitan or non-metropolitan area?
19. Should the towns of Savage River and Waratah be included in the Burnie taxi area?
20. Should the outlying Hobart areas that are currently not in any taxi area be included in the Hobart taxi area?
21. How does the taxi industry currently service people in the Midlands region, if at all?

22. Should the Midlands region be included in a taxi area or areas? If so, should there be a new taxi area or areas for the Midlands, or should they be incorporated into existing areas? How would these options impact on the Perth taxi area?

### 3.5. Wheelchair accessible taxis

At present there are no WATs in any of the non-metropolitan areas. WAT licences have been made available in the metropolitan areas in 2004, 2005 and 2006 in place of an equivalent number of perpetual licences, in accordance with the Act. WAT licences are issued at no cost.

WAT licences are available in non-metropolitan areas on application to the Transport Commission. At present the same standards for vehicles that can be used as WATs apply to non-metropolitan areas as in metropolitan areas. This includes a requirement for the vehicle to comply with the *Disability Standards for Accessible Public Transport 2002* and the specifications for a WAT contained in the Act, which include a requirement that the vehicle must either be a new vehicle when first registered as a WAT or be a vehicle aged up to ten years that has previously been registered as a WAT in Tasmania (i.e. a vehicle that was new when first registered as a WAT)<sup>42</sup>.

The issue of the introduction of WATs into rural areas was considered in the Rural Taxis discussion paper<sup>43</sup>. This paper observed that there were a number of barriers to the introduction of WATs into these areas, including a low level of demand for the services and the likelihood that WATs would not be commercially viable in these areas.

The requirement for a WAT to be new vehicle has been identified as posing a significant barrier to the introduction of WATs into non-metropolitan areas, with the cost of purchasing a compliant vehicle reported to be up to \$85 000. It has been suggested that the total value of many of the taxi 'fleets' in the non-metropolitan areas (which could consist of anything from one to five vehicles) would generally be lower than the cost of one vehicle that could be used as a WAT. Given the lower demand for general taxi services, and the lower incidence of wheelchair-reliant taxi users in the rural areas, WATs have not been introduced into these areas as they are not seen as commercially viable.

WAT operators are paid a trip subsidy for every wheelchair-reliant passenger carried. The subsidy ranges from \$10.00 per trip in Hobart to \$16.00 per trip in Burnie and Devonport<sup>44</sup> and was intended to assist the operator in offsetting the initial high capital outlay associated with the purchase and modification of the vehicle. The higher subsidy in Burnie and Devonport

<sup>42</sup> Taxi and Luxury Hire Car Industries Act 1995, Regulation 28V(1) & Schedule 6.

<sup>43</sup> DIER, Rural Taxis, pages 42–50.

<sup>44</sup> Taxi Industry Regulations, Schedule 6.

recognises the lower potential usage rate of WATs in these areas. The Act does not specify an amount for a trip subsidy in non-metropolitan areas. Rather, this is determined by the Commission<sup>45</sup>. However, given the low number of wheelchair trips likely to be undertaken in a non-metropolitan area, such a subsidy would need to be somewhat higher than in Burnie and Devonport to provide an equivalent level of cost offset.

At present, there is no clear means by which WATs from one area are legally able to carry passengers wholly within another area, or to or from an area which is not the WAT's licensed area, as WATs are bound by the Taxi Areas Regulations in the same way as standard taxis. For example, at present, a Hobart WAT cannot legally take a client from New Norfolk to Launceston, but could take a client from New Norfolk to Hobart.

It has been suggested that amalgamating taxi areas might remove some of the barriers to the introduction of WATs in non-metropolitan areas by allowing rural WATs to operate in larger areas and therefore being able to access a larger market. This could be achieved by amalgamating the standard taxi areas, as discussed above, or by defining specific non-metropolitan WAT areas.

However, there will be a limit to the size of an area that a WAT will be economically able to operate in, and it is unlikely that customers would call a WAT from a town some distance away to undertake a relatively short journey in their own town, especially if there are alternative forms of transport available. It is also unlikely that an operator would agree to take on such a job, because of the high degree of dead running time involved. It might, however, be the case that a client in one town some distance from a WAT operator's base needs to go to a town even further away, and that such a job would be sufficiently viable for the operator to accept it.

As noted above, the operator cannot currently take on such a job if either the origin or the destination is outside the area for which the WAT is licensed. An alternative to amalgamating taxi areas for rural WATs might be to expand the areas that metropolitan WATs are able to operate in. For instance, Hobart WATs could be licensed to work in the surrounding areas of New Norfolk, Huon Valley, Tasman, Bruny and so on, in a similar manner to the proposed 'spill over' zones might work for standard taxis. Such an arrangement could be legislated for, or applied through licence conditions, and a larger trip subsidy applied in recognition of the extra travelling distance required. Further, it could be specified that WATs could only do out of area work for wheelchair-reliant clients, to ensure that they are not competing with the local standard taxi service. However, this has the potential to reduce service levels in the WATs' original licensed areas, which might prevent such an option from being introduced.

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<sup>45</sup> *ibid.*, Regulation 28V(2).

A further key issue relating to the introduction of WATs into rural areas is the presence of community transport providers in these areas. This was identified in the Rural Taxis discussion paper as a significant concern to taxi operators in these areas, with many operators believing that community transport was undertaking work that should be undertaken by taxis and that their businesses were suffering as a result. For example, it was suggested that clients that were not eligible for community transport may be using this form of transport because it was cheaper than using a taxi<sup>46</sup>. There were also concerns that a number of regulations that applied to taxi operators did not apply to community transport providers, leading to concerns about the safety of these services, as well as the ability of taxi operators to compete with community transport on the basis of cost, due to the cost of compliance with these regulations that was not incurred by community transport providers.

It has been suggested that the presence of community transport in rural areas would also have an impact on the viability of any rural WAT service that started up, as community transport providers may already be transporting potential WAT clients.

### **3.5.1. Questions**

23. Would some form of amalgamation of taxi areas assist in the introduction of WATs in non-metropolitan areas?
24. If so, how could this be achieved most effectively? Some examples are: amalgamating rural areas for WATs, or expanding metropolitan WAT areas, together with geographical targeting of metropolitan WAT licences. Which, if any, of these options might work? What other options are there?
25. Would the large distances between rural towns impede the ability of WATs to operate viably across multiple taxi areas?
26. Is there a demand for longer WAT journeys outside the metropolitan areas?

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<sup>46</sup> DIER, Rural Taxis, pages 50–53.

### 3.6. Security camera areas

The discussion paper on rural taxis raised the issue of security cameras in non-metropolitan areas<sup>47</sup>. It was noted that security cameras are mandatory in Hobart, Launceston, Devonport, Burnie and Ulverstone, as these are the major metropolitan areas, and drivers and operators in these areas are more likely to be exposed to safety risks and thus to benefit from the introduction of cameras<sup>48</sup>.

The attitude of the industry to cameras is mixed. Some operators believe they are unnecessary in any taxis, others consider that if cameras are required in some areas they should be mandatory in all taxi areas, and others believe that the current situation is acceptable.

The relevance of this issue to taxi areas is that adjoining each security camera area are areas where security cameras in taxis are not mandatory. Yet taxis from the latter areas are able to pick up customers from the neighbouring security camera area and take them back to their own area. Some operators have argued that this is not fair and that if these taxis can get work from areas that have to have security cameras, they too should be required to have them. A particular concern is that taxi fares in the security camera areas are 1.24 per cent greater than in areas with no cameras. It has been argued that this difference is sufficient for a customer wishing to travel outside their area (e.g. from Launceston to Deloraine) to call a taxi from the non-camera area rather than use the taxi service in their own area, whereas if the fares had been the same, they would have used their local service. Thus, the local service loses business. Others consider that the cost difference is so small that most customers would not see it as a problem, and that the taxi with a camera would not lose business.

The rationale for not introducing cameras into non-metropolitan areas, besides the difficulties associated with maintenance and downloading, was that work in the non-metropolitan areas is generally pre-booked rather than rank/hail work, and that operators and drivers in these areas are more likely to know their customers than operators and drivers in the larger metropolitan areas<sup>49</sup>. Thus, for example, there is a greater risk to drivers in metropolitan areas of customers not paying fares or of being in a position to assault a driver, which would be unlikely to occur if the driver knew the passenger. It could be argued that non-metropolitan taxis are not very likely to travel outside their area to pick up a customer that they did not know to take back to their area. Such a booking would normally be made by someone living in their area wanting to return

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<sup>47</sup> *ibid.*, pages 39–41.

<sup>48</sup> The risk factors identified included evening and night work, intoxicated young male passengers, working alone, inadequate driver knowledge of an area, customers with limited funds and customers who are strangers. (Mayhew, C: "Violent Assaults on Taxi Drivers: Incidence and Risk Factors", *Trends and Issues in Crime and Criminal Justice* No. 178, Australian Institute of Criminology, 2000, cited in Department of Infrastructure, Energy and Resources: *Regulatory Impact Statement – Proposal to Introduce Security Cameras in Tasmanian Taxis*, April 2002, page 7.

<sup>49</sup> Department of Infrastructure, Energy and Resources: *Regulatory Impact Statement – Proposal to Introduce Security Cameras in Tasmanian Taxis*, April 2002, pages 19–20 cited in DIER, *Rural Taxis*, pages 40–41.

to the area, rather than an unknown customer wanting to go into the area – they would be more likely to call their local taxi, as suggested above. On this basis, it is suggested that the fact that non-metropolitan taxis can transport customers out of security camera areas would not be sufficient justification to require them in these areas.

However, the situation is slightly different in Perth, where as noted in Section 3.2.1, taxis can undertake work within Launceston, including from some ranks. Similar risk factors may therefore apply to these taxis when they are working in Launceston as apply to Launceston taxis. Further, Perth taxis can undertake work in Launceston at a cheaper rate than charged by Launceston taxis, which may or may not be a commercial advantage to the operator, depending on whether a 1.24 per cent difference in fares is considered significant by customers. Both of these reasons may be justification for introducing cameras in Perth taxis, even if they are not introduced into other non-metropolitan areas.

### **3.6.1. Questions**

27. Should security cameras be made mandatory in non-metropolitan areas? For what reasons?
28. How can the issue of costs and time associated with the maintenance and downloading be resolved in these areas?
29. If not in all non-metropolitan areas, should cameras be mandatory in the Perth area? Why or why not?

### **3.7. Taxi Industry Regulations**

The regulations that apply to taxi areas, other than the Taxi Area Regulations are 24(1) and 24(1A), as noted in Section 2.4. They make it an offence for a taxi to stand for hire on a taxi rank in a taxi area other than which the taxi is licensed for and for a taxi to transport passengers wholly outside the area for which the taxi is licensed. There is concern that these Regulations are not always enforced or enforceable. While taxis on ranks can be detected and reported, detecting a breach of Regulation 24(1A) requires evidence that a driver has both picked up and dropped off a passenger outside their area, as it is not an offence for the driver to be passing through an area on their way to or from their own area.

It has been suggested that there have been significant breaches of this provision in the past. For example, where a driver has travelled from their licensed area to another area to pick up a passenger to take them to a further area. In order to technically comply with the legislation they might pass back through their licensed area with the passenger, stop the meter and then begin

a new journey into the destination area. Both journeys would then be in compliance with the requirement for a journey to either begin or terminate in the licensed area.

While this is technically within the law, it is in direct conflict with the spirit of the Taxi Areas Regulations, as it deprives an operator in either the area of origin or the destination of a fare that is legally theirs.

Again, there is little that can be done to enforce this provision, other than requiring operators to keep detailed records of all hirings undertaken and having these subject to audits, either randomly or as part of operator accreditation. However, if an operator were engaged in such conduct, it is unlikely that they would keep records of this behaviour.

### **3.7.1. Questions**

30. How can the requirements for taxis operating within taxi areas be better enforced?
31. Are the penalties for operating outside the licensed taxi area adequate, and are they relevant if they cannot be effectively enforced?

### **3.8. Metropolitan and non-metropolitan areas**

As noted in Section 3.4.3, the terms 'metropolitan' and 'non-metropolitan' are largely administrative, although the metropolitan taxi areas are defined in the Taxi Regulations<sup>50</sup>. These terms serve as a convenient way in which areas where operating conditions may be similar can be grouped for the purpose of regulation.

There are differences between operating conditions in the larger and smaller metropolitan areas, as well as in the larger and smaller non-metropolitan areas. For instance, operators operating the only taxi in an area could face very different issues to an operator operating four or five licences in a larger population centre. Likewise, operators in Burnie and Devonport operate in a different manner to operators in Hobart and Launceston.

It might be the case that the areas could 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,

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<sup>50</sup> Taxi Industry Regulations, Regulation 3.

'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. They might, for example, be comparable to Queensland's 'exempt' areas (see Section 2.6.3).

Regulated issues that might differ across the different groups include the age of the vehicles, requirements for security cameras, vehicle standards and ages, radio rooms, fares, use of substitute vehicles and so on. Some of these issues were considered in the Rural Taxis discussion paper<sup>51</sup>.

A further alternative might be for the concept of areas in the more remote regions to be abandoned and for all of these regions, including the Midlands area that is not currently included in a taxi area (see Section 3.4.4), to be considered 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 an 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.

If this approach were taken, 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.

### **3.8.1. Questions**

32. Is the distinction of 'metropolitan' and 'non-metropolitan' areas appropriate?
33. How could taxi areas be more effectively grouped for the purposes of regulations? On what basis would they be grouped – number of licences, population, location, market value of licences, or other factors?
34. In which ways might regulations vary across different groups of areas?
35. Should the very remote areas be exempt from some regulations to make it easier to establish taxi services in these areas?

<sup>51</sup> DIER: Rural Taxis, pages 32–41.

36. If different regulations were introduced for different zones, would there need to be a mechanism to review the zoning of areas if there was a significant change in the market? How might this be done?

### 3.9. Radio rooms in non-metropolitan areas

The possible regulation of radio rooms was considered in an earlier discussion paper in the review. This paper noted that in all other jurisdictions radio rooms are regulated and that, in general, membership of radio rooms is compulsory for taxi operators. However, in most jurisdictions the radio rooms requirements were applied on a less stringent basis in non-metropolitan or country areas. Country networks often consist of a small number of taxis, which is normally fewer than the 'critical number' needed to make a radio room viable, and the networks are operated out of an informal office situation or mobile office. As a result, regulations that apply to metropolitan radio rooms might not necessarily be appropriate for smaller country networks, so the requirements and compulsory membership are often not strictly adhered to<sup>52</sup>.

No decisions have been made in relation to the regulation of radio rooms in Tasmania, and the industry has been invited to provide comments on whether this would be a useful and workable option to consider further. However, some issues raised in relation to radio rooms could also be considered in relation to taxi areas. These issues are presented here for further consideration.

#### 3.9.1. Non-metropolitan areas

DIER's discussion paper on radio rooms observed:

Most rural taxis do not operate out of a radio room in the same way as the larger networks in Hobart and Launceston operate. Smaller operators and their drivers are likely to answer phone calls themselves, with calls diverted to a mobile phone in the taxi if the office (if it exists) is unattended. Where there is more than one taxi in an area, drivers might work on an 'on call' basis from home rather than having someone at the base during the night. In very small taxi areas, the 'radio room' is generally the operator-driver's mobile phone<sup>53</sup>.

[ . . . ]

DIER's discussions with rural taxi operators have indicated that there is generally low demand for taxi services outside standard hours, other than on Friday and Saturday nights, and that rural taxis are generally available for pickups whenever they are required, provided that the request is reasonable, and booked in advance if it is outside the operator's normal hours. A fully operational radio room that operates 24 hours a day is therefore largely unnecessary<sup>54</sup>.

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<sup>52</sup> Van Putten, Ingrid: Research Report: *Regulation of Taxi Dispatch Services in Australia and Compulsory Taxi Operator Affiliation or Membership*, for the Department of Infrastructure, Energy and Resources, 31 January 2005 (unpublished), page 8.

<sup>53</sup> DIER: Radio Rooms, page 54.

<sup>54</sup> *ibid.*, page 55.

For these reasons it was considered unlikely that regulation and compulsory membership of radio rooms would be workable or relevant in rural areas. However, the paper suggested that an alternative might be to have radio rooms that operated across taxi areas and provided services to a number of operators. It suggested that introducing centralised radio rooms that covered a number of non-metropolitan taxi areas in a region (e.g. North-West, North-East and South), or a single radio room in each expanded taxi area, if taxi areas were amalgamated, 'might deliver some economies of scale compared to having a radio room in each area (for example, in terms of reduced administrative or overhead costs) and might assist operators in meeting their obligations under the Passenger Transport Operator Accreditation Scheme by taking responsibility for some of the administration required<sup>55</sup>'.

However, it was suggested that the costs associated with establishing and maintaining these bases might outweigh the benefits delivered, as the number of operators associated with each base would still be relatively small compared to the larger metropolitan radio rooms, and the set-up costs would be quite high, which might be a significant impost on operators' costs. Furthermore, the paper noted that clients were more likely to prefer contacting an operator that knows their local area, rather than a centralised dispatch system that might be located in a town 100 kilometres away. It also suggested that the smaller radio rooms were unlikely to have the financial capacity to introduce expensive new technology such as global positioning services, and that the benefits of this technology might be much less for country networks than for their metropolitan counterparts<sup>56</sup>.

It has been suggested that if rural taxi areas were amalgamated there might be a tendency for operators to move to the more profitable centres within those areas, which would leave smaller centres without a taxi service. Compulsory membership of radio rooms might be a way in which taxi services could be maintained in these smaller towns, through requirements that particular areas be serviced.

### **3.9.2. Questions**

37. Is there a need for radio rooms to be established in rural areas? Why or why not?
38. If there is a need, how could these radio rooms be set up to benefit operators in rural areas?
39. Should membership of radio rooms in rural areas be compulsory in rural areas?

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<sup>55</sup> *ibid.*

<sup>56</sup> *ibid.*

40. Should radio rooms in rural areas have to be accredited in the same way that radio rooms in Hobart and Launceston might be accredited? What differences would there be in accrediting these radio rooms?
41. Should the radio rooms in Burnie and Devonport be treated in the same way as radio rooms in Hobart and Launceston? What differences, if any, should there be in terms of accreditation and affiliation requirements?

### **3.10. Taxi area funds and general administration fund**

#### **3.10.1. Background**

The 1995 Act established a fund for each taxi area. Each area fund consisted of:

- money paid for the issue of perpetual taxi licences;
- fees paid by owners of public vehicle cab licences for conversion of these licences into perpetual taxi licences at the commencement of the Act in 1995;
- fees payable of the grant of temporary taxi licences in the area;
- money borrowed by the Transport Commission for the purposes of the fund; and
- money provided by Parliament<sup>57</sup>.

The 2003 amendments removed the provision for licence fees paid for the issue of perpetual licences in each area to be included in the area funds<sup>58</sup>. As no perpetual licences had been issued between 1995 and 2003, there was no money in the area funds derived from the issue of perpetual licences.

The area funds comprised mostly, if not wholly, the \$100.00 cab licence conversion fees for licences in each area. As a result, due to the small number of licences on issue in most areas, in 2000 the balances of most of the area funds were very small (under \$1 000).

The area funds were to be used for the:

- buy back of existing cab licences or perpetual taxi licences in the taxi area;
- purposes of promotion and development of the industry within that area; and

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<sup>57</sup> Taxi and Luxury Hire Car Industries Act, Section 13(1).

<sup>58</sup> Taxi and Luxury Hire Car Industries Amendment Act 2003, Section 7.

- administration of the Act in respect of the taxi area<sup>59</sup>.

The taxi area funds were not used for these purposes, and DIER's records indicate that the accounts were closed in late 2000. The money was refunded to the (then) Taxi Industry Association of Tasmania (TIAT) to distribute back to the industry, in the form of a reimbursement to operators for the costs of recalibrating their taximeters as a result of the fare increase required to give effect to the Goods and Services Tax (GST) in 2000. It was intended that operators would show proof of calibration of their meters for the new GST-inclusive fares and TIAT would refund them \$100.00 for each licence. DIER understands that not all operators claimed this refund, and that TIAT has subsequently proposed to return the money to DIER.

A general administration fund is also established under the Act for the purposes of administration of the Act<sup>60</sup>. This fund is made up of the annual fees payable for perpetual taxi licences and is used to cover costs associated with the Government's regulation of the industry, such as administration, printing and advertising.

### **3.10.2. Use of taxi area funds**

The use of the general administration fund will be considered in the discussion paper on administration and enforcement. However, as a precursor to this discussion, there is a related issue of the intended use of the area funds, and whether there is a need for a fund or funds to promote and develop the industry within taxi areas, in line with the intention of the Act.

DIER is not aware of any significant interest from the industry in using the area funds to promote and develop the industry, and no requests were made to use the funds for this purpose. However, for most areas, the small balances of the funds would have prohibited any significant promotional activity from being able to be undertaken.

There is no definition of 'promotion and development' in the Act, but it might include activities such as marketing or advertising. Any proposed use of an area fund must be supported by the industry within that area before it can be approved<sup>61</sup>.

The Taxi Industry Reference Group has identified concerns about the public's knowledge and understanding about passengers' rights and responsibilities, such as the fact that passengers do not have to take the first taxi parked on a rank. The Group made a number of suggestions about how the industry could be better promoted to the public, including signs on taxi ranks, media advertising and brochures at hotels and other venues where there are large numbers of

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<sup>59</sup> Taxi and Luxury Hire Car Industries Act, Section 13(2).

<sup>60</sup> *ibid.*, Section 12.

<sup>61</sup> *ibid.*, Section 13(2)(b).

potential passengers, and suggested that the use of a taxi industry fund for this purpose should be considered.

Options for funding this type of activity might be either from a general taxi industry fund, or from specific area funds to promote the industry within each area. It is likely to be more efficient in terms of administration for there to be only one fund, which could be used for both the administration of the Act and for the promotion and development of the industry. Within the fund, money could be allocated to promotion and development activities in each area, according to the proportion of the fund contributed by operators in each area, or it could be used for promotion and development activities across the State.

It is unlikely, given the small number of operators in most non-metropolitan areas, that any significant promotion and development activities could be funded in these areas, without either requiring greater contributions to the fund from non-metropolitan operators than from metropolitan operators, or by using the fund as a 'pool' from which activities in any area could be funded. An alternative could be for promotion and development to be undertaken on a State-wide or regional basis.

The type of promotion would also need to be taken into consideration. For example, signs on taxi ranks advising passengers that they don't need to take the first taxi on the rank would not be appropriate in the smaller areas, where there may only be one taxi and where the majority of work is not obtained from ranks.

### **3.10.3. Source of funds**

At present there is no source of funding for a 'taxi area fund', as licence fees for perpetual licences in each area now go to Consolidated Revenue, the conversion of cab licences has now been completed, and there has been no demand for temporary taxi licences. The main source of funding for industry activities is thus the annual licence fees paid by owners of perpetual taxi licences, which are paid into the general industry fund. The use of these fees will be discussed in the discussion paper on administration and enforcement.

To inform that discussion, the industry's views are sought on whether a portion of these licence fees should be earmarked specifically for promotion and development of the industry, or whether there are any alternatives to using licence fees for this purpose. If licence fees were to be used, it is likely that they would have to be increased to cover the costs. An alternative might be the establishment of a formal industry body, funded by the industry, which could take responsibility for promoting the industry. At the April 2006 meeting of the Reference Group, DIER suggested that there needed to be a cooperative effort between the industry, the Government and other parties, such as hotels and the police, to better educate the public about

the use of taxis, and that this was an area in which a formal representative body for the industry could have a significant role to play.

**3.10.4. Questions**

42. Is there a need for some funding to be used for the purposes of promotion and development of the taxi industry, as per the original intention of the taxi area funds?
43. Should such promotion and development be State-wide, regionally focused or area-specific?
44. What should be the source of this funding?
45. Would it be more effective to have a number of taxi area funds, or one general fund?
46. Should the funds for promotion and development of the industry be administered by DIER or by the industry?
47. If the industry is to administer the funds, how would this be managed?

## 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
- Links between taxis and 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
- Taxi areas
- Role of radio rooms
- Review of national competition policy changes to the *Taxi and Luxury Hire Car Industries Act 1995*
- Technical and other amendments to the *Taxi and Luxury Hire Car Industries Act 1995*

The discussion papers are available on DIER's website at [www.transport.tas.gov.au](http://www.transport.tas.gov.au). Members of the taxi industry wishing to contribute their views to the project should contact one of the industry representatives on the reference group. Members of the public who wish to contribute can email their comments to DIER ([taxi.review@dier.tas.gov.au](mailto:taxi.review@dier.tas.gov.au)).

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*

Taxi Areas

**Appendices**

## Appendix 1: Glossary of Terms

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### Legislation

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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 1995 Act	<i>Taxi Industry Act 1995</i>
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The Taxi Regulations	<i>Taxi Industry Regulations 1996</i>
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Taxi Areas Regulations	<i>Taxi Industry (Taxi Areas) Regulations 1996</i>
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### Acronyms

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ACT	Australian Capital Territory
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AMV	Assessed market value
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DIER	Department of Infrastructure, Energy and Resources
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GPO	General Post Office
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GST	Goods and Services Tax
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NSW	New South Wales
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SA	South Australia
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SPV:NV	Small Passenger Vehicles: Non-metropolitan Vehicles (SA)
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TIAT	Taxi Industry Association of Tasmania
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WA	Western Australia
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WAT	Wheelchair accessible taxi
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## Appendix 2: Taxi Industry (Taxi Areas) Regulations 1996

### SCHEDULE 1 – Taxi Areas

1. Hobart Taxi Area
  - (a) The municipal area of Hobart, Glenorchy and Clarence; and
  - (b) The municipal area of Brighton; and
  - (c) The towns of –
    - (i) Blackmans Bay; and
    - (ii) Dodges Ferry; and
    - (iii) Kingston; and
    - (iv) Lewisham; and
    - (v) Margate; and
    - (vi) Midway Point; and
    - (vii) Pontville; and
    - (viii) Sorell; and
    - (ix) Tarooma.
2. Launceston taxi area
  - (a) The municipal area of Launceston; and
  - (b) That part of the municipal areas of West Tamar, Meander Valley and Northern Midlands which is situated within a radius of 14 kilometres of the General Post Office at Launceston including Launceston Airport and Tasrail Western Junction.
3. Burnie taxi area

The municipal area of Burnie and the municipal area of Waratah–Wynyard excluding the towns of Waratah and Savage River.
4. Break O'Day taxi area

The municipal area of Break O'Day.
- 4A. Bruny Island taxi area

The whole of Bruny Island.
- 4B. Central Highlands taxi area

The municipal area of Central Highlands.
5. Circular Head taxi area

The municipal area of Circular Head.

6. Devonport taxi area  
The municipal area of Devonport and the municipal area of Latrobe.
7. Dorset taxi area  
The municipal area of Dorset.
8. Flinders Island taxi area  
The municipal area of Flinders.
9. George Town taxi area  
The municipal area of George Town.
- 9A. Glamorgan/Spring Bay North taxi area  
That part of the municipal area of Glamorgan/Spring Bay north of the Little Swanport River.
- 9B. Glamorgan/Spring Bay South taxi area  
That part of the municipal area of Glamorgan/Spring Bay south of the Little Swanport River.
10. Huon Valley taxi area  
The municipal area of Huon Valley.
- 10A. Kentish taxi area  
The municipal area of Kentish.
11. King Island taxi area  
The municipal area of King Island.
12. Meander Valley taxi area  
That part of the municipal area of Meander Valley west of a north south line drawn through the junction of the Exton Road and the Bass Highway.
13. New Norfolk taxi area  
The municipal area of New Norfolk.
14. Penguin taxi area  
That part of the municipal area of Central Coast west of the Leven River to Allison's Bridge and west of a straight line from Allison's Bridge to the Three Sisters.
15. Perth taxi area
  - (a) That part of the municipal area of Northern Midlands north of the Powranna and Deddington Roads, and a line between those roads and that part of the municipal area of Meander Valley east of an approximately north/south line drawn through the junction of Exton Road and the Bass Highway; and
  - (b) that part of the municipal area of Launceston west of an approximately north/south line drawn through the junction of Trotters Lane and Westbury Road and south of an approximately east/west line through that junction.

16. Tasman taxi area

The municipal area of Tasman.

17. Ulverstone taxi area

That part of the municipal area of Central Coast east of the Leven River to Allison's Bridge and east of a straight line from Allison's Bridge to the Three Sisters.

18. West Coast taxi area

The municipal area of West Coast.

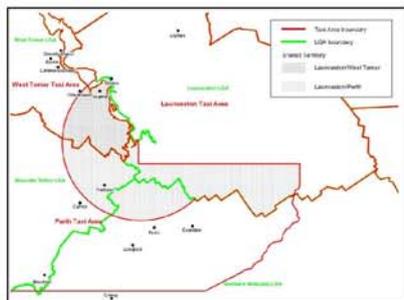
19. West Tamar taxi area

The municipal area of West Tamar.

### Appendix 3: Tasmanian Taxi Areas



Shared Zone - Launceston, Perth & West Tamar Taxi Areas



Hobart Taxi Area



## **Appendix 4: Resources**

Department of Infrastructure, Energy and Resources: *Review of the Taxi and Luxury Hire Car Industries Act 1995 Paper 7 – Radio Rooms*, June 2006.

Department of Infrastructure, Energy and Resources: *Review of the Taxi and Luxury Hire Car Industries Act 1995 Paper 4 – Wheelchair Accessible Taxis*, February 2006.

Department of Infrastructure, Energy and Resources: *Review of the Taxi and Luxury Hire Car Industries Act 1995 Paper 3 – Rural Taxis*, February 2006.

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