

# Point to Point Transport Taskforce

## Discussion Paper



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## Submission policy

The taskforce invites submissions on the discussion paper from members of the community and industry stakeholders. It is intended that most of the submissions received will be made publicly available after the submissions deadline. The taskforce may not publish certain submissions (or parts of submissions) due to an assessment of length, content, appropriateness or confidentiality.

### How to make a submission

Stakeholders are encouraged to make their submissions online, either by using the online submission form or by uploading submissions to the website.

Alternatively, submissions may be:

**Emailed to:** [pointtopoint@transport.nsw.gov.au](mailto:pointtopoint@transport.nsw.gov.au)

**Faxed to:** 02 8265 6480

**Mailed to:** Secretariat,  
Regulation of Point to Point Transport  
Level 7, 12 Castlereagh Street  
Sydney NSW 2000

Submissions should be made no later than 25 September 2015. The taskforce will consider submissions received after the published deadline at its discretion.

There is no standard format for submissions. All submissions should address the matters covered in the discussion paper and the taskforce terms of reference.

### Privacy policy

All personal information received in submissions is treated in accordance with the *Privacy and Personal Information Protection Act 1998*. Personal information is any information from which an individual's identity is apparent or can be reasonably ascertained. It may include an individual's name, email or postal address, and other identifiable information, as well as their opinions and ideas.

The taskforce will generally make the submissions received and the name of the person/organisation making the submission publicly available on its website, subject to any claims for confidentiality or request not to disclose the name. The taskforce will generally remove email addresses, postal addresses and telephone numbers before publishing submissions.

Further information can be found in the privacy note on our website [pointtopointtransport.nsw.gov.au](http://pointtopointtransport.nsw.gov.au)

## List of Acronyms

|                      |   |
|----------------------|---|
| <b>ABN</b>           | Australian Business Number                  |
| <b>ACL</b>           | Australian Consumer Law                     |
| <b>App</b>           | Smartphone application                      |
| <b>ASAP</b>          | As soon as possible                         |
| <b>CCSP</b>          | Community Care Support Program              |
| <b>CHSP</b>          | Commonwealth Home Support Program           |
| <b>CIE</b>           | Centre for International Economics          |
| <b>CTP</b>           | Community Transport Program                 |
| <b>CTP insurance</b> | Compulsory third party insurance            |
| <b>GPS</b>           | Global positioning system                   |
| <b>GST</b>           | Goods and Services Tax                      |
| <b>GVM</b>           | Gross vehicle mass                          |
| <b>IGA</b>           | Intergovernmental agreement                 |
| <b>IPART</b>         | Independent Pricing and Regulatory Tribunal |
| <b>KPI</b>           | Key performance indicators                  |
| <b>RMS</b>           | Roads and Maritime Services                 |
| <b>TfNSW</b>         | Transport for NSW                           |
| <b>The 1990 Act</b>  | The Passenger Transport Act 1990            |
| <b>The 2014 Act</b>  | The Passenger Transport Act 2014            |
| <b>TTSS</b>          | Taxi Transport Subsidy Scheme               |
| <b>UberX</b>         | A ridesharing service in NSW                |
| <b>WAT</b>           | Wheelchair-accessible taxi                  |

# Executive Summary

This discussion paper is the taskforce's conversation-starter with the NSW community on point to point transport services. In NSW, these include taxis, hire cars, tourist services, ridesharing services<sup>1</sup>, community transport and courtesy transport. This discussion paper outlines the way point to point transport services currently operate and calls for the community's views on what works well and what needs to change.

The issues raised in this paper have been informed by face-to-face consultations across NSW with hundreds of people representing more than 140 organisations since mid-July 2015<sup>2</sup>. Feedback received will help the taskforce form its recommendations to the Minister for Transport and Infrastructure, who has asked the taskforce to consider the following areas:

- the safety and security of customers and drivers
- the sustainability of commercial passenger transport
- economic productivity, consumer protection and the availability of appropriate services for people with a disability and other groups facing transport disadvantage
- efficient and effective administration and enforcement of passenger transport legislation and minimising the regulatory burden on industry
- the impact on existing investment in the industry, and possible mechanisms to deliver an industry adjustment package, if necessary
- any other relevant matters.

The taskforce's full Terms of Reference are included at Appendix 1.

Point to point transport services are a key component of the passenger transport mix in NSW. They allow customers to go from their chosen pick up point, at their preferred time, directly to their destination.

The regulatory framework governing point to point transport is largely contained within the *Passenger Transport Act 1990* (1990 Act) and the relevant regulations. However, community transport and courtesy services are not captured by NSW passenger transport legislation and ridesharing services are presently operating unlawfully.

Shifts in demographics, technology and social attitudes are changing peoples' expectations of point to point transport and the way they seek and use these services. However, the regulatory framework does not adequately accommodate these changes.

This is why the taskforce is looking at what could be done to ensure that there is a level playing field for the industry to better deal with the continuing and inevitable changes and to better meet customers' needs.

Broadly, point to point transport services fall into two categories: those which are booked by a customer and those services which are hailed or hired from a rank. When a customer books a service, there is a record of the customer and their journey. When a taxi is hailed in the street or taken from a taxi rank, the experience is anonymous, and there is no record of the customer or their trip.

Different levels of regulation are justified for booked versus unbooked services to better ensure customer and driver safety and consumer protection.

The taskforce is seeking comment on how well the existing regulatory framework meets the needs of customers in a number of key areas.

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<sup>1</sup> The taskforce is using the word "ridesharing" to represent the services provided by people using their own cars for a fare which are enabled by smartphone apps to connect the passenger and the driver, as per the Terms of Reference. The taskforce acknowledges that the term "ridesharing" is also associated with carpooling, where the driver and the passenger have a common destination.

<sup>2</sup> Details of consultation at Appendix 7.

## **Safety and security of passengers and drivers**

A key consideration for customers engaging a point to point transport service is that the driver is competent and does not pose a threat to their safety, and that the vehicle used to deliver the service is safe.

The taskforce is considering whether existing requirements for customer and driver safety are effective, and whether any changes are necessary so that the point to point transport industry has better options to deliver safety outcomes for customers and drivers.

## **Consumer protection**

The Australian Consumer Law provides point to point transport customers with a level of protection from unfair practices. Other arrangements for insurance and the regulation of taxi fares are also in place in NSW. The taskforce seeks comment on how well these arrangements are working for point to point transport customers, and what could be changed to so that the industry can provide assurance for customers.

## **Quality of services**

Where there is effective competition businesses have the incentive to deliver quality goods and service to attract and retain customers.

Point to point transport operators who only provide services to customers with bookings (such as hire cars) rely on brand reputation and return custom, so they have an incentive to provide quality services. In this way, they can be more self-regulating. Conversely, there are currently prescriptive rules for taxis covering the quality of vehicles, obligations on drivers and performance standards for taxi networks.

The taskforce is interested to understand if these requirements are meeting customers' expectations and whether there may be any alternatives.

## **Supply**

The numbers of each particular point to point transport service are set in different ways. Taxis and hire cars must have a vehicle licence (at a price) and the Government contracts with and funds community transport. No limits are placed on the number of tourist vehicles and courtesy buses.

The taskforce is considering whether and how the supply of services should be regulated to ensure that customers' expectations are met.

## **Compliance and enforcement**

Roads and Maritime Services (RMS) has various powers and penalties available to it to ensure compliance with legislation. Taxi networks also have some ability to monitor and supervise taxi operators and drivers through their by-laws to ensure that networks' own obligations under their service standards are met.

The current provisions have been in place since the 1990 Act came into force and do not adequately deal with very recent developments such as the new business models seen with unlawful entry of ridesharing companies. The taskforce is considering what powers and penalties might be best available to the regulator, and the point to point industry as a whole, to achieve better outcomes for customers.

# Context

## We are changing

The demographics of Australia are changing and the way we access point to point transport services will also likely change. By 2031 the population of NSW will be around 9.2 million and there will be a further 1.6 million people living in Sydney<sup>3</sup>. The number of daily transport trips made by Sydneysiders will have increased by about a third<sup>4</sup>.

The Australian population is also ageing. The number of Australians aged 65 and over is projected to more than double by 2054–55, with 1 in 1,000 people projected to be aged over 100. In 1975, this was 1 in 10,000<sup>5</sup>. Because of continued migration of young people to cities, and older people retiring to country areas, the regional population is ageing faster than in Sydney; transport must facilitate access to healthcare and other vital services for our older citizens.

With the proportion of people aged over 65 years set to increase, dependence on public transport and community transport services is likely to increase as people's independent mobility decreases<sup>6</sup>.

Similarly, there is a long-term shift in community expectations about social inclusion of people with a disability, and point to point transport plays a key role in meeting the mobility needs of people with a disability.

There have been significant changes in community attitudes about the impacts of alcohol. Changes in drink driving laws mean that anyone under the age of 50 is accustomed to using point to point transport to meet their transport needs when they drink alcohol.

Attitudinal changes about the impacts of alcohol have also extended to changes in liquor licensing in 2007 giving licensed venues greater responsibility for public amenity in the surrounding area. There is now an expectation that customers will be able leave venues quickly, and this has had an impact on how transport services are provided.

New entrants – notably, courtesy buses and community transport providers – have been better able to take advantage of these changes than the taxi industry. Taxi networks, operators and drivers have complained of an unfair regulatory environment, a protest that is being given serious attention by the taskforce.

But there are deeper challenges for the oldest of the point to point transport providers. Laws relating to alcohol use have exacerbated peak demand, which the taxi industry has found difficult to accommodate. In some ways, the taxi industry has responded well to the increased demand of people with a disability and frail aged; but the highly individualised nature of taxi service has made it difficult for some providers to adequately respond to community need.

## Technology is changing

A high percentage of Australians use smartphones (mobile phones). Australia is the sixth most concentrated smartphone market in the world, after Singapore, South Korea, Norway, Spain and Sweden<sup>7</sup>. On average, 18–24 year olds check their device 63 times a day.

Half of the respondents to a recent survey see benefit in using their mobile phone for payments in certain situations. Paying for parking and public transport were the most common uses identified<sup>8</sup>.

The widespread use of these technologies has enabled new ways of delivering point to point transport services to customers and has changed the way customers seek and use these services.

The innovations allowed by this technological change mean that customers' expectations about timeliness, quality, convenience and cost of the service are now higher.

Some customer service industries are using technology to manage expectations by allowing customers to better use any time they spend waiting. For example, many public transport authorities now provide real-time information on the availability of services and enable customers to pay for them with an electronic ticket which allows auto top-ups to avoid queuing for paper tickets. Most freight and logistic companies now enable customers to track the delivery of their parcels in real time.

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3 Sydney is projected to grow from 4.3 million people in 2011 to 5.9 million people in 2031. NSW Government, NSW Population, Household and Dwelling Projections, 2014.

4 NSW Government, Long Term Transport Master Plan, December 2012.

5 Australian Government, 2015 Intergenerational Report.

6 NSW Government, Long Term Transport Master Plan, December 2012.

7 Deloitte, Mobile Consumer Survey 2014, The Australian Cut - Revolution and Evolution, 2014.

8 Deloitte, Mobile Consumer Survey 2014, The Australian Cut - Revolution and Evolution, 2014.

New booking, tracking and payment technologies are transforming the way people engage with point to point transport providers. New entrants have been quicker to anticipate and respond to customers' expectations than traditional taxi and hire car businesses.

Technology will continue to evolve and improve both the safety of services and the quality of the service offered to customers. For example, communication technologies have reduced the time and coordination costs of car-pooling and driverless cars are currently being trialled around the world, and there are estimates that they will be available within five years<sup>9</sup>.

## **The regulatory framework must change**

Because of these customer benefits, an increasing number of point to point transport providers will use this technology and regulations which attempt to prevent customers from accessing these benefits will prove difficult to enforce. Point to point transport providers have already begun to adapt, and government regulation must follow.

The current regulatory framework is prescriptive, often difficult to enforce, and consequently not as effective as it could be. The most intensely regulated point to point transport provider is the taxi industry. While other providers that compete for customers through bookings (hire cars and tourist services) have had regulatory burdens lightened, the taxi industry has become more heavily regulated. The regulatory burden on taxis has led to high costs, and ultimately to higher fares for customers<sup>10</sup>.

The taskforce has also had feedback from stakeholders consistent with these findings<sup>11</sup>. Taxi operators and drivers have told the taskforce that the costs imposed on them by the regulatory framework are making it more and more difficult to compete with hire cars and other point to point transport providers and remain viable.

The taskforce has heard from stakeholders, particularly in suburban and regional areas, that private car owners are advertising their services as point to point providers. The taxi industry has argued that laws enacted to ensure public safety must be updated and enforced and there must be a level playing field.

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<sup>9</sup> [Forbes, Ford CEO Expects Fully Autonomous Cars In 5 Years, 6 February 2015](#)

<sup>10</sup> Detail on the cost of operating a taxi is at Appendix 6

<sup>11</sup> A list of the taskforce's meeting with stakeholders to date is included at Appendix 7

# What is point to point transport?

Point to point transport services take passengers from their nominated point of departure to their nominated destination, at a time they choose. These services differ from mass public transport services (such as trains and buses) which require passengers to travel to and from a common point (usually a train station or bus stop), and usually operate to a fixed route or timetable. Mostly, point to point services are provided in smaller vehicles, for example, seating up to 12 people.

Point to point transport services also provide an essential means of travel for people who cannot easily access public transport (such as people with a disability) or when public transport is not available (such as late at night, in small towns, or where journeys start and end far from a public transport route).

Through various measures governments subsidise the provision of point to point transport services for people with special needs, including people with a disability and those experiencing transport disadvantage. For example, the NSW Government offers discounted licence fees for wheelchair-accessible taxis, loans for vehicle fit-out and subsidised fares for eligible passengers. The Commonwealth Government also has programs to provide for military veterans and the frail aged. These services are usually provided under contract.

In other cases, point to point transport services are highly discretionary, with passengers willing to pay a premium for the convenience of being able to arrive at their destination faster or in a luxury vehicle.

## Types of point to point transport

Point to point transport services include taxis, hire cars, tourist services, ridesharing services, community transport and courtesy transport. Taxis, hire cars and tourist services are regulated under the 1990 Act (see box 1). Community transport and courtesy transport are not captured by NSW passenger transport legislation and ridesharing services are presently operating unlawfully.

For the purpose of the taskforce, point to point transport does not include transport that is incidental to another service, such as a scuba diving company that picks up customers and takes them to a dive site, or a mechanical workshop providing a courtesy service for their customers when their car is in for repairs.

### Box 1: What is a regulated public passenger service?

Taxis, hire cars and tourist services are all considered to be public passenger services for the purposes of the 1990 Act. A public passenger service is defined to be the carriage of passengers for a fare or other consideration:

- a) by motor vehicle (other than a light rail vehicle) along a road or road-related area, or along the whole or part of a transitway route, or
- b) by vessel within any NSW waterway.

As a consequence of this definition, a service needs to meet the following criteria to be considered a public passenger service. The service must:

- comprise both the driver and the vehicle
- be available to the general public (not just to eligible clients, club members or hotel guests)<sup>12</sup>
- carry passengers
- charge a fare or other consideration
- travel along a road or road-related area, if provided by a motor vehicle.

<sup>12</sup> Information provided by TfNSW suggests that it has been longstanding policy and practice of the regulator to make this distinction. For the purposes of clarity, the taskforce maintains this distinction throughout the discussion paper.

If a point to point transport service meets the above criteria, the law requires the operator of the service to be accredited and the driver to be authorised by RMS.

Under the law, an operator is the person or company with overall responsibility for the service. An operator has responsibility for the vehicle(s) used to provide the services, including insurance and maintenance requirements, as well as an obligation to ensure that the driver of the vehicles is authorised. For hire cars and tourist services the operator “brand” is usually known to the customer and is usually the first point of contact when the customer wants to make a booking.

Additional requirements are in place for taxis and hire cars, including that the vehicle must be licensed. For taxis, there is also a requirement that each operator is a member of an authorised taxi network. Taxi networks provide booking services and security monitoring for drivers and passengers. Taxis must display the decals (branding) of the network which means that customers are usually familiar with the name of the network rather than the operator.

The table below provides a summary of the regulated point to point transport entities. Statistics on the number of regulated participants in the point to point transport industry are provided in Appendix 5.

**Table 1: Regulated entities**

| Service Type     | Operator | Driver | Network |
|------------------|----------|--------|---------|
| Taxis            | ✓        | ✓      | ✓       |
| Hire cars        | ✓        | ✓      | X       |
| Tourist services | ✓        | ✓      | X       |

Ridesharing, as the taskforce is using the term, appears to meet the criteria of a public passenger service under the 1990 Act – the driver and the vehicle are provided, a fare is being charged and the service is available to members of the public. The enforcement action taken by RMS against rideshare drivers has been for breaches of the requirements for a hire car to be licensed, the operator of the service to be accredited and the driver to be authorised by RMS.

Community transport is only available to customers who meet the eligibility criteria and courtesy transport services are only available to particular client groups or are provided for free (see description below). They are consequently not required to be regulated public passenger services. However, community transport operators holding a contract with Transport for NSW (TfNSW) will become regulated as public passenger services when Part 2 of the *Passenger Transport Act 2014* (the 2014 Act) comes into effect. As community transport operators generally use buses, they will be regulated in a similar way to bus operators and drivers.

## Taxis

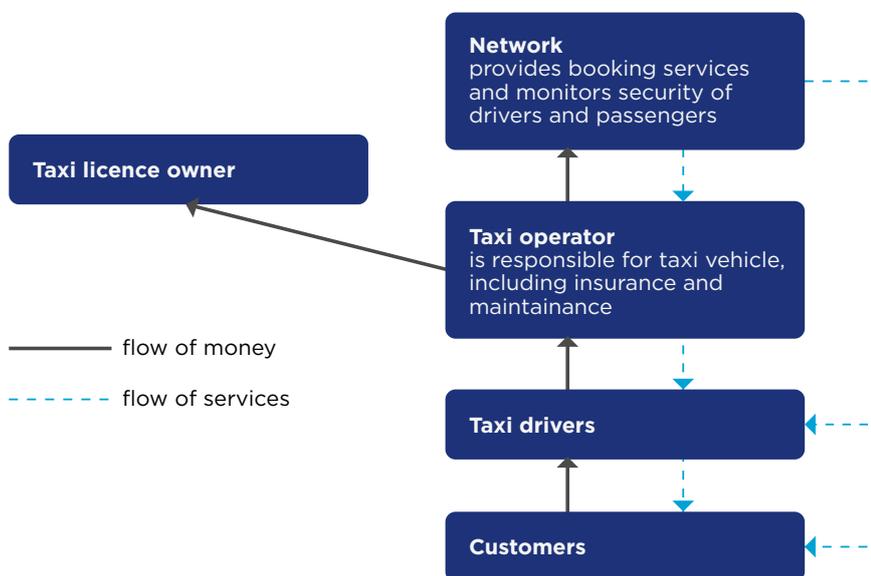
The structure of the taxi industry is complex and involves a number of regulated entities, including licence owners, networks, operators and drivers (see figure 1).

There are around 7,300 taxis, 5,200 taxi operators and 23,600 taxi drivers in NSW. About 80 per cent of taxis in NSW are in Sydney and are affiliated with one of 12 networks (noting that six are owned by one company). Around 11 per cent of taxis in Sydney and 18 per cent of taxis outside Sydney are wheelchair-accessible<sup>13</sup>.

Taxi drivers provide the actual service to customers, and usually do not own the vehicle. Taxi operators are responsible for the vehicle and must hold a taxi licence which they often lease from licence owners who are not involved in the day-to-day delivery of services. In Sydney, drivers pay operators an amount to “rent” the taxi for a shift under a contract under industrial relations law known as a bailment agreement. Outside Sydney, drivers and operators tend to share the revenue made from the shift.

Taxi operators must also belong to a network, which provides customer service and security services (among other things) to operators, drivers and customers. In recent years, smartphone taxi booking applications (apps) have appeared. Sometimes they have been developed by existing taxi networks, as well as by new entrants such as Ingogo, GoCatch and Uber. In recognition of these new entrants, the Government last year moved to capture them in the regulatory framework.

**Figure 1: Taxi industry structure**



Most customers in Sydney obtain a taxi at a rank (29 per cent) or hail one in the street (32 per cent). In contrast, most customers in country areas (62 per cent) book taxis by calling a taxi company<sup>14</sup>. Demand is generally highest on Friday and Saturday nights. The Australian Taxi Industry Association estimates that there were 97 million taxi trips in NSW in 2014<sup>15</sup>, although other estimates are much lower<sup>16</sup>.

Only taxis can pick up passengers from a rank or be hailed by customers in the street. Because these services are anonymous, and mostly one-off, security cameras and other safety equipment are mandated. It is also for this reason that taxi fares are regulated and the taxi meter is required to run during the course of the hiring (which is not the case, for example, with hire cars).

Taxis are permitted to operate “off-meter” when they are providing services under contract. For example, many taxis contract with the Department of Education to provide transport for children with disabilities who are unable to use public transport and whose parents are unable to drive them.

<sup>13</sup> RMS data.

<sup>14</sup> Taverner Research, Report on Survey of Taxi Use, December 2014.

<sup>15</sup> [Australian Taxi Industry Association, 2014 State and Territory Taxi Statistics, December 2014](#).

<sup>16</sup> [For example, IPART's Sydney Taxi Model indicates that there were around 43 million taxi trips in Sydney in 2012-13 \(IPART, Sydney Taxi Industry Model, August 2014\)](#).

### ***Driver shifts and driver income***

In Sydney, the longstanding practice of the taxi industry is to have two shifts, one starting at 3am and one starting at 3pm. These times have come to be known as “changeover time”.

The reason for starting the shifts at these times is that it allows the drivers of both shifts to have access to a peak period – either the morning peak or the evening peak. This is borne out in the price that taxi drivers pay to rent the taxi from an operator. Night shifts, particularly on weekend nights, attract a higher “rent” for the taxi.

Because the rent for a taxi in Sydney is usually fixed, if a driver does not make a lot of money on a shift they may end up with very little income in the end. This means that they may be incentivised to work longer hours or more shifts to achieve an acceptable level of income.

Research conducted on behalf of the Independent Pricing and Regulatory Tribunal (IPART) suggests that taxi drivers’ hourly earnings are considerably below the Australian Minimum Wage<sup>17</sup>. The taskforce has heard feedback consistent with this during consultation.

This could not only lead to poor customer service, but also safety concerns for customers and drivers. The taskforce has heard from stakeholders that there is poor compliance with Work Health and Safety obligations as they relate to fatigue.

Also, while the bailment agreement includes various provisions for entitlements, such as for sick leave and annual leave<sup>18</sup>, the taskforce has heard from various stakeholders to suggest that there is low compliance with these requirements.

#### **Discussion point 1**

The taskforce seeks comment on what steps could be taken to make taxi drivers’ income more sustainable.

### ***Taxi networks***

Under passenger transport law, the only point to point transport service that has regulated networks is the taxi industry. The 1990 Act requires that networks be authorised by RMS and there are detailed requirements that a taxi network must demonstrate they can meet when they apply to RMS. A taxi network’s authorisation can have conditions imposed on it, such as the requirement to provide services 24 hours per day, seven days per week.

Where there is an authorised network, a taxi operator is obliged to be affiliated with the network, unless otherwise exempted by RMS. The taskforce is unaware how many operators have been exempted from this requirement.

There are 12 authorised networks in Sydney (with six of these owned by the same company), although there are many more outside Sydney. Some of these are authorised and some are not.

While there has been a proliferation in the number of brands taxi networks use, particularly in Sydney, very few new networks have emerged in Sydney or regional areas (authorised or not) since 1990.

Relatively little of the regulator’s compliance effort is aimed at taxi networks in regional areas. It is not clear whether networks in regional NSW (whether they are obliged to as part of authorisation obligations or not) are meeting requirements set out in taxi network standards. Likewise, it is not clear whether customers experience a better level of service from authorised networks.

#### **Discussion point 2**

Given the inconsistent application of network authorisation requirements across NSW, the taskforce seeks comment on whether the requirement for a network to be authorised is necessary at all, let alone meet complex application requirements before being able to operate, particularly in regional areas.

<sup>17</sup> The CIE, *2014 Survey of taxi drivers and operators – Final report*, December 2014.

<sup>18</sup> [NSW Industrial Relations. Fact sheet – taxi drivers](#)

## Universal service obligation

More than any other kind of point to point transport service, taxis are relied upon as an essential means of transport for people who cannot easily access public transport (such as people with a disability) or when public transport is not available (such as late at night).

Because supply is limited, the Government uses various controls to attempt to improve the availability of taxis. For example, taxis cannot refuse service to passengers except under prescribed circumstances, and authorised taxi networks are usually expected to provide a taxi booking service 24 hours a day throughout the licensed areas of operation of the taxis connected to the network<sup>19</sup>.

Despite these universal service requirements, the taskforce has heard from customer groups of passengers having difficulty obtaining taxi services, especially at particular times, or in certain areas, or for short-distance trips.

It is clear that universal service requirements do not always ensure services are available. Some jurisdictions have moved away from universal service requirements to other initiatives to improve access to services for customers. For example, in Victoria the licence condition for taxis to operate 24 hours a day was removed in recent reforms in conjunction with measures to increase the supply of taxis<sup>20</sup>.

### Discussion point 3

The taskforce is interested in views around alternatives to the universal service obligation on the taxi industry which could improve access to services for customers.

Could alternative approaches meet the objectives of universal service in a more effective way?

## Wheelchair-accessible taxi services

Governments all around Australia rely on taxis more than any other kind of transport service to meet the mobility needs of wheelchair users. In fact, under the Commonwealth Government's Disability Standards for Accessible Public Transport taxi networks are required to ensure that response times for accessible vehicles are the same as for other taxis. There are also rules about the space in the vehicle used to carry customers in wheelchairs. Hire cars are exempt from these requirements.

Furthermore, the *Commonwealth's Disability Discrimination Act 1992* makes it unlawful for a person providing goods or services to discriminate against another person on the grounds of disability<sup>21</sup>. This applies to all services providers in Australia, including those in the point to point transport industry.

### Box 2: Use of wheelchair-accessible taxis (WATs)

Around 13,700 TTSS wheelchair using participants took almost 600,000 trips in WATs in 2014.

WAT users tend to be low-income people who rely on WATs as their main source of transport<sup>22</sup>.

Around 36 per cent of users used WATs once a month or less, 30 per cent used them between once a week and once a month, and 32 per cent used them more than once a week.

In recognition of the transport disadvantage these members of the community face, the NSW Government provides incentives to provide wheelchair-accessible services by offering low or no-cost licences for wheelchair-accessible taxis. In addition, there are interest-free loans available in country areas to assist with the cost of vehicle conversion and wheelchair-accessible taxi drivers are paid an additional fee of \$8.73 for picking up customers in wheelchairs. The NSW Government also funds the training of WAT drivers. In Sydney there is a centralised booking system for wheelchair-accessible taxis, which is provided to customers and the industry by one of the taxi networks<sup>23</sup>.

<sup>19</sup> The taskforce understands that it is intended that this same requirement will apply to independent authorised taxi booking services, with the commencement of the relevant provisions of the 2014 Act.

<sup>20</sup> Victorian Government, Government Response: Taxi Industry Inquiry Final Recommendations, 2013.

<sup>21</sup> Section 24 *Disability Discrimination Act 1992*

<sup>22</sup> Stancombe for TfNSW, Wheelchair Accessible Taxi Customer Research Report, May 2013.

<sup>23</sup> Cabcharge operates the wheelchair accessible taxi booking service in Sydney and funds its operations by charging wheelchair accessible taxi operators for accessing the service.

People with a significant permanent disability are also given a direct subsidy to assist in meeting the cost of services through the Taxi Transport Subsidy Scheme (TTSS). Under this scheme, approved participants are able to travel by taxi with a 50 per cent discount, up to a maximum subsidy of \$30 per trip<sup>24</sup>.

In the USA, the *Americans with Disabilities Act 1990* requires vehicles for hire to take reasonable measures to accommodate wheelchair users<sup>25</sup>. Further requirements and initiatives to improve access for wheelchair users are in place in various US states. For example, in the US District of Columbia, the Taxicab Commission has recently established a US\$750,000 fund to assist all point to point transport providers to expand the supply of wheelchair-accessible vehicles which is funded through a levy on fares<sup>26</sup>.

#### Discussion point 4

The taskforce invites comment on current government initiatives to encourage the availability of wheelchair-accessible vehicles.

How could these be more effective?

### Hire cars

There are around 1,700 unrestricted hire cars, 4,300 hire car operators<sup>27</sup> and 7,700 hire car drivers in NSW. Around three-quarters of hire cars are licensed to operate in Sydney<sup>28</sup>. Hire car operators must have a licence to operate the vehicle. Often the licence owner, operator and the driver are the same person.

Restricted hire cars can only provide services for school formals, weddings and funerals and have been exempted from the requirement for the vehicle to be licensed, and the driver to be authorised<sup>29</sup>. RMS does not hold data on the number of restricted hire cars.

Customers must book a hire car, that is, hire cars cannot be hailed on the street or hired from a taxi rank and the fare must be agreed before the hiring starts. Hire cars have traditionally been regarded as a luxury mode of transport. Typical services include corporate travel and airport transfers.

A recent survey found that 18 per cent of respondents in Sydney had used a hire car in the past six months, with almost half saying that they found them more comfortable and more reliable than taxis, and around a third saying they were cheaper<sup>30</sup>.

There is currently no regulation around how hire car bookings are made, or of the entity which takes the booking, unless they are also a hire car operator (that is, they are responsible for the vehicle). Recently, smartphone apps have been used as a way of facilitate hire car bookings. Sometimes these have been developed by hire car businesses, and other times, such as with Uber Black, they have been developed by technology companies from outside the hire car industry.

Until 2001, there was no specific regulation covering bookings for hire cars. TfNSW advises that prior to 2001, the primary way the regulatory framework distinguished hire cars from taxis was through the definition of a taxi as a vehicle which is made to “stand or ply for hire”. That is, only taxis could be hailed in the street, or be hired from a taxi rank (or anywhere else, if they showed that they were available for hire through their roof light). The regulations also limited hire car vehicles to a handful of luxury makes and models as well as specifying vehicles age limits. The restriction on vehicle makes, models and ages were relaxed in 2001, though some restrictions remain (see Appendix 3).

24 Eligible participants also include people with a severe and permanent disability who do not require a wheelchair. The TTSS will remain in operation and available to National Disability Insurance Scheme (NDIS) clients if they otherwise meet the existing TTSS eligibility requirements. It is possible that the availability of additional funding from the NDIS will increase demand for trips under the scheme and demand for wheelchair-accessible taxis

25 *Americans with Disabilities Act 1990*.

26 [District of Columbia Taxicab Commission, Transport DC Expansion Grants](#)

27 As hire car operators are not required to renew their accreditation more than once, it is likely that only a proportion of these operators are active.

28 RMS data.

29 NSW Government, NSW Government Gazette No.143, Official Notices, 21 September 2001.

30 Taverner Research, Report on Survey of Taxi Use, December 2014

TfNSW has advised the taskforce that traditionally, hire car customers would book a hire car well in advance of requiring the service. That is, there were relatively few customers seeking on-demand or “ASAP” bookings. In 2001, the regulation was amended to make it an offence for a hire car driver to “use the vehicle to carry out a hiring other than a pre-booked hiring”.

The taskforce is also aware that a regulation has recently been put in place to clarify the meaning of the term “pre-booked” in country areas, and is interested to see the effects of its implementation.

The taskforce has also heard that many hire car operators get a lot of work from on-demand bookings, which are bookings made when the hirer needs the service, rather than well in advance. For example, many hotels have a hire car operator on call for services requested by hotel guests at short notice.

### **Tourist services**

Tourist services can be provided in a bus or motorcycle or in a four wheel drive vehicle (off-road only). Tourist service operators providing point to point transport for customers are most likely to be using a small bus. These services must be designed for tourists where all passengers’ journeys have a common origin or a common destination, or both<sup>31</sup>. An example of tourist services providing point to point transport is a shuttle bus service from the airport.

There are 389 small buses registered to provide tourist services in NSW<sup>32</sup>. It is difficult to estimate the number of operators and drivers because there is no distinction in driver authorisation and operator accreditation categories of tourist services and other bus services.

### **Community transport**

The concept of community transport has been around for about 30 years, as governments identified that existing mass transit, or point to point transport services, were not meeting the needs of particular vulnerable groups<sup>33</sup>.

TfNSW contracts with around 100 community transport service providers (the majority in regional NSW) for transport services under different Commonwealth and state funding programs which meet specific needs, as identified by each program<sup>34</sup>.

Under their current contracts, these providers will deliver over 2.2 million trips to eligible passengers<sup>35</sup>. As at 1 July 2015, providers owned around 390 buses, and had around 3,000 drivers, most of whom were volunteers<sup>36</sup>. As noted above, community transport services are not regulated under the 1990 Act but services that are contracted to TfNSW will be regulated similarly to other bus operators when the 2014 Act commences.

Community transport service providers include local councils, various not-for-profit entities and some religious institutions. Often, they provide other services to their clients in addition to transport. Some providers act largely as facilitators of transport services, for example by subsidising their clients’ travel in taxis through grants, vouchers and contracts, while others focus more on operating services directly using their own or volunteer owned vehicles. Taxi trips accounted for 10-15 per cent of all community transport trips in 2014–15<sup>37</sup>. The taskforce heard from several regionally-based community transport operators who use taxis exclusively for local “in town” trips, while using their own vehicles for longer distance journeys.

### **Courtesy services**

Courtesy services are often provided by licensed venues (usually hotels and clubs) for the benefit of their members or guests. As the name suggests, these services are often provided for free. Courtesy transport can operate at set times or by booking, and is usually provided in small buses, with no charge to the passenger. As noted above, they are not regulated under the 1990 Act.

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31 The 1990 Act defines a tourist service to also include services that are prebooked and designed to carry tourists to destinations listed on a publicly available tour itinerary. These services are unlikely to compete in the point to point transport market.

32 RMS data. It is not compulsory for operators of tourist services to hold a TV licence/registration plate. However, they are popular because they enable operators to access parking and pick-up zones at certain locations.

33 Details of community transport programs are at Appendix 4 - Community transport funding programs.

34 It should be noted that the community transport sector has been consolidating in recent years, with about 25 per cent fewer service providers operating now than there were four years ago.

35 Data from TfNSW (Community Transport Agreements).

36 Data from TfNSW (Community Transport Agreements).

37 Data provided by TfNSW.

There is no reliable data on the number of courtesy bus services in NSW, but the taskforce heard during consultation that they first appeared when random breath testing was introduced. Stakeholders said that these services have increased in numbers in recent years with changes to liquor licensing laws because of a desire by liquor licensing police to ensure that people are able to quickly leave venues at closing time, to ensure that the amenity of surrounding areas was not negatively affected, as required under the *Liquor Act 2007*<sup>38</sup>.

## Ridesharing

For the purposes of the taskforce, ridesharing involves private citizens, usually using their own car, offering transport services to members of the public in return for payment. Commonly, ridesharing is arranged via smartphone apps<sup>39</sup>.

UberX is an example of a ridesharing service operating unlawfully in NSW. Uber states it currently has around 3,000 UberX drivers and 300,000 UberX customers in Sydney<sup>40</sup>. It was recently announced that there were 1 million UberX trips in Sydney in its first year of operation<sup>41</sup>. A recent survey found that over 10 per cent of respondents had used rideshare services in 2014. The app offers customers an estimate of the fare before booking, with the total fare depending on the route taken. At times of high demand, customers pay more.

The taskforce also heard from stakeholders in suburban Sydney and in regional NSW that while corporate entities facilitating rideshare services have not yet appeared, private individuals are using social media in a similar way.

## Booked and non-booked services – a simplified approach

The most significant difference between the different types of point to point transport services, is whether a customer books the service (by any means, whether it is a phone call, email or smartphone app) either in advance or for immediate pick up, or whether they hail or hire it from a rank. Different levels of regulation are justified to ensure customer and driver safety and consumer protection.

For instance, in booking a point to point transport service the customer is better able to choose a service that meets their needs, particularly in terms of safety, price, and quality. For those who hail a service or hire one from a rank, a customer is usually not able, or does not have the time, to assess the safety, price, quality of the service, and choose an alternative provider, if desired. Regulated, metered fares are an example of additional measures that have been mandated for this reason.

Additionally, where there is a booking for the journey, there is usually a record of the trip which may assist in resolving any issues, should something go wrong. When a taxi is hailed, security cameras and GPS tracking in the vehicle provide this record (and serve as a deterrent to wrongdoing).

The taskforce seeks to understand what regulation might be required to ensure customer and driver safety and consumer protection for different kinds of point to point transport services, and what unnecessary red tape or costs of compliance can be removed to allow fair competition and lower the burden and cost of regulation.

Table 2 shows features of the services provided by the various kinds of point to point transport.

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<sup>38</sup> The taskforce also heard from stakeholders in regional areas about bus services from licensed venues (usually free or by donation, operating along a route – not point to point). In one case, the local taxi operator was contracted to provide the services, and in other cases, the target group for these services was young people travelling to outlying villages, who could not afford a taxi fare.

<sup>39</sup> As noted earlier, ridesharing is commonly associated with car-pooling, where the driver and the passenger have a common destination. This is not being considered by the taskforce.

<sup>40</sup> Meeting with taskforce, 13 July 2015.

<sup>41</sup> [Uber, One Year, One Million Rides, May 2015](#)

**Table 2: Point to point transport services in NSW**

The table shows that in many instances there are only slight differences in the services that are offered by the various types of point to point transport providers.

| Service feature   | Taxis   | Hire cars  | Tourist services                                       | Ridesharing (currently operating unlawfully) | Courtesy transport              | Community transport                      |
|---|---|--|--|--|---------------------------------|--|
| <b>Who can access the service?</b>  | Public  | Public   | Tourists (public)                                      | Public                                       | Club or venue patrons           | Eligible clients only                    |
| <b>Booked trips</b>   | Yes   | Yes  | Yes  | Yes  | Yes                             | Yes                                      |
| <b>Rank and hail trips</b>  | Yes   | No   | No   | No   | No                              | No                                       |
| <b>Multiple hire/ shuttle services (passengers have a common origin or destination)</b> | Limited situations only                         | Limited situations only  | Yes  | Not in NSW but being trialled elsewhere      | Yes                             | Yes                                      |
| <b>Published route or itinerary</b>   | No  | No   | Yes  | No   | Sometimes                       | Sometimes                                |
| <b>Can refuse service</b>   | Limited situations only                         | Yes  | Yes  | Yes  | Yes                             | Yes                                      |
| <b>Service availability</b>   | 24 hours a day, 7 days a week                   | Determined by operator/ driver                                 | Determined by operator/ driver                         | Determined by driver                         | Determined by operator          | Determined by operator                   |
| <b>Vehicle type (seating capacity includes the driver)</b>                              | Cars: at least 5 seats<br>Buses: 9 to 12 seats  | Certain kinds of cars<br>Certain kinds of buses: 9 to 16 seats | Buses: at least 9 seats<br>Motor cycle, 4WD (off-road) | Cars up to 8 seats                           | Buses (no seating restrictions) | Cars and buses (no seating restrictions) |
| <b>Payment by customer</b>  | Regulated maximum fares – can agree to discount | Must be agreed prior to trip                                   | Must be agreed prior to trip                           | Estimate provided prior to trip              | Usually free                    | Many variants –sometimes free            |

For example, customers can book any kind of point to point transport service, they can negotiate fares and they can choose whether to have other people in the vehicle (multiple hiring). However, there are various restrictions placed on how point to point services can operate, such as the vehicles they can use or whether they can run along routes or to schedules.

**Discussion point 5**

Should ridesharing services be regulated? If so, how? Is there any need to distinguish them from other booked services?

The taskforce seeks comment as to how the regulatory framework could be simplified so that point to point transport providers have more flexibility about how they provide services. Should there be fewer restrictions as to how they operate?

## Safety and security

One of the key considerations for customers engaging a point to point transport service is that the driver is competent and does not pose a threat to personal safety and the vehicle used to deliver the service is safe.

In this context, the taskforce is considering safety relating to roadworthiness of the vehicle, and competence and medical fitness of the driver, as well as personal security issues – for example, the criminal history of the driver and any requirements about monitoring of the service provision.

The NSW Government has asked the taskforce to consider and make recommendations in relation to the safety and security of customers and drivers. The taskforce invites comments on what safety standards should apply for point to point transport services and how these standards may be best administered.

As with all vehicles and drivers, the primary mechanism Government uses to ensure safety on public roads is RMS' driver licensing and vehicle registration schemes. The requirement to be licensed ensures that all drivers have the required knowledge, skills and medical fitness to drive. As part of the vehicle registration system, RMS maintains inspection and certification schemes to make sure that all vehicles meet minimum safety requirements.

There are additional requirements placed on the drivers and vehicles used for taxi, hire car and tourist services to ensure the safety and security of customers. This is because members of the public are paying for the service and the drivers and vehicles spend a considerable amount of time on the road, posing greater road safety risks for both customers and drivers.

Due to the anonymous nature of rank and hail services (which is changing with technological advances), customers also need to be assured that the driver does not present a security risk. Different requirements currently apply when the service is booked because of the greater transparency of the transaction and thus the different levels of risk for passengers and drivers.

The regulation for safety of drivers and vehicles used for point to point services are dealt with in this section, and as the safety of customers and drivers is a key consideration for the taskforce there will be a number of questions seeking your feedback.

## Summary – Regulation of drivers for safety

| Safety feature                    | Taxi   | Hire car           | Tourist service (bus)  | Community transport  | Courtesy services  | Ridesharing  |
|-----------------------------------|--|--------------------|--|--|--|--|
| <b>Driver licensing</b>           | <ul style="list-style-type: none"> <li>Driver is licensed</li> <li>Practical driving assessment every 2 years from 85 years</li> <li>Professional driver eligible for an extra demerit point</li> <li>Blood alcohol content 0.02</li> <li>Mobile phones as dispatch system – may be visible to driver and may be touched by driver</li> </ul>  |                    |  | <ul style="list-style-type: none"> <li>Driver is licensed</li> <li>Medical fitness – to a nationally agreed private vehicle driver standard</li> <li>Annual medical examination from 75 years old</li> <li>Practical driving assessment every 2 years from 85 years</li> <li>Blood alcohol content 0.05</li> <li>Must notify RMS of medical conditions which may affect driving ability</li> </ul> |  |  |
| <b>Driver authority</b>           | <ul style="list-style-type: none"> <li>Minimum age of 20 years</li> <li>Driving record check</li> <li>Unrestricted driver licence for at least 12 months in the last 2 years</li> <li>Criminal history check, personal references</li> <li>Medical fitness – to a nationally agreed commercial vehicle driver standard</li> <li>Annual medical assessment from the age of 60</li> <li>Must notify RMS, within 48 hours, of any change in their physical or mental condition which may affect ability to drive</li> </ul> |                    |  | Not required   | Not required   | <p>These features are in place for UberX drivers in Sydney but not required by regulation:</p> <ul style="list-style-type: none"> <li>Unrestricted driver licence for 12 months</li> <li>Driver record check</li> <li>Criminal history check</li> <li>Customer and driver rating system</li> </ul> |
| <b>National Heavy Vehicle Law</b> | Not applicable   | Only above applies | Bus driver training course<br>Medical assessment every three years |  |  | Not applicable   |
|                                   |  |                    |  |  | Drivers of buses with a GVM of more than 4.5 tonnes that seat more than 12 adults (including the driver) are required to maintain a National Driver Work Diary |  |

## Regulation of drivers for safety

This section considers the regulation of drivers of different point to point transport services for safety, including requirements that apply as part of the driver licensing and driver authority schemes. There are also some requirements under road transport law that apply differently to drivers of buses, taxis and hire cars, which are also considered in this section.

### Driver licence

Driver licensing applies to all drivers residing in NSW. A driver licence authorises the holder to drive one or more classes of motor vehicle on a road or road related area. RMS encourages drivers to think of their licence as a contract between the driver and the rest of society. RMS and the NSW Police administer this contract on behalf of the people of NSW<sup>42</sup>. Heavy penalties apply for driving without a licence, with an expired, cancelled, suspended or disqualified licence or a licence of the wrong class (for example, riding a motorcycle with only a car driver licence).

A person is eligible to apply for an unrestricted car licence if they are 20 years of age or over and meet a certain standard of vision<sup>43</sup>. Licensed drivers must meet nationally-agreed medical standards and must also give RMS details of any medical conditions that could affect their driving. RMS may suspend or cancel a licence if there is information that proves the licence holder does not meet these standards. Licensed car drivers must have a medical examination every year from the age of 75, and a practical driving assessment every two years from the age of 85.

Drivers of buses with a gross vehicle mass (GVM) of more than 4.5 tonnes that seat more than 12 adults (including the driver) are required to maintain a National Driver Work Diary to assist in managing driver fatigue.

### *Different driver licensing rules for bus, taxi and hire car drivers*

There are some requirements under road transport law that apply differently to drivers of buses, taxis and hire cars<sup>44</sup>.

### Demerit points

Normally, a person's licence is suspended when they incur 13 or more demerit points within a three-year period. Professional drivers may apply for an additional demerit point on their driver licence (to 14 demerit points within a three-year period). A professional driver is a person whose primary work is driving a motor vehicle on roads or road related areas<sup>45</sup> and includes a person who has a bus, taxi or hire car driver authority. The definition excludes people who are not paid specifically for driving as part of their job, or people who do not normally drive for more than 20 hours in any seven-day period<sup>46</sup>.

A professional driver seeking the allocation of an additional demerit point must provide details of their employment, the number of hours of paid work, and confirmation of being a professional driver at the date of the last demerit point offence and at the issue date of a licence suspension.

RMS may check the information provided. This means that the employer can be contacted about what the person claims they are employed to do, the hours worked and to verify that they are paid for that work. RMS can also confirm that the driver authority is valid.

### Blood alcohol content

Bus, taxi and hire car drivers must not drive with a prescribed concentration of alcohol of more than 0.02<sup>47</sup> compared to 0.05 for other drivers. There are severe penalties for breaching these requirements.

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42 TRMS, Road Users' Handbook, February 2015

43 Road Transport (Driver Licensing) Regulation 2008, cl.37A.

44 There are some special purpose lanes such as bus lanes that drivers of private vehicles are not allowed to use but taxi and hire car drivers are permitted to use. Taxi and hire car drivers are also allowed to stop for less than a minute to set down and pick up passengers in no stopping zones in the Sydney CBD and in other areas if councils allow it by erecting signs. They can also set down and pick up passengers on a clearway. However, these special provisions provide for the efficiency of the road network and do not affect the operation of the services themselves. The taskforce will not consider these provisions any further.

45 Road Transport Act 2013, s.4.

46 Road Transport (Driver Licensing) Regulation 2008, cl.120A.

47 Road Transport Act 2013, ss.107(2)(c), 108, 110(2).

## Use of dispatch and GPS units and mobile phones

Under the NSW Road Rules, a driver may only use a mobile phone to make or receive a call, or use the audio playing function, if:

- it is secured in a commercially manufactured and designed mounting which is fixed to the vehicle and does not obscure the driver's view of the road, or
- it can be operated by the driver without touching any part of the phone, for example, through the use of Bluetooth technology or voice activation.

However, a phone functioning as a visual display unit may be used as a driver's aid, including, for example, as a dispatch system, subject to the mounting requirements outlined above<sup>48</sup>. A phone or tablet displaying booking information may be considered a driver's aid<sup>49</sup>. This means that the phone may be visible to the driver from the normal driving position and the driver may use the phone. Generally, for other drivers, a screen cannot be visible to, or distract the driver.

### Discussion point 6

The above rules are applied differently to different types of point to point transport drivers. How could these requirements be better applied?

## Driver authorities – taxi, hire car and tourist service (bus) drivers

In addition to driver licensing, the main way the Government ensures that taxi, hire car and tourist service (bus) drivers are competent and safe is through the driver authorisation schemes established in the 1990 Act<sup>50</sup>. It is an offence to drive a taxi, hire car or bus without a valid driver authority.

Under NSW law, driver authorities (and operator accreditations) are occupational licences, so there are rules in place about appeal rights to the NSW Civil and Administrative Tribunal if the authority is suspended, cancelled, or an application for one is refused.

The purpose of a driver authority is to attest that the person is considered:

- to have sufficient responsibility and aptitude to drive the vehicle in accordance with law and custom and the conditions under which a public passenger service is operated, and
- to be of good repute and in all other respects a fit and proper person.

Taxi, hire car and tourist vehicle operators and taxi networks are required to ensure that the driver providing the service is authorised. Operators must also ensure that the driver holds an appropriate driver licence.

As courtesy transport and community transport drivers are not providing public passenger services, driver authority requirements do not apply to them. However, TfNSW's contracts impose standards equivalent to a driver authority for community transport drivers.

### Driver aptitude

For taxi, bus and hire car drivers, the Government largely relies on driver licensing requirements, but applies higher standards. Applicants for a driver authority must hold an unrestricted driver licence and have held an Australian driver licence for a total of at least 12 months in the two years immediately preceding the date of the application. This is to give customers comfort that the driver is familiar with and complies with NSW road safety laws.

Once a driver holds an authority, RMS suspends it if their driver licence is no longer valid (for example for unpaid traffic fines, drinking or speeding offences or too many demerit points).

<sup>48</sup> Road Rules 2014, Rules 299 and 300.

<sup>49</sup> Advice from TfNSW.

<sup>50</sup> Some of requirements associated with driver authorities are not focused on safety and are discussed in relevant sections, for example, the English language ability requirement for taxi drivers and driver training requirements are considered in the chapter on the quality of services.

### ***Fit and proper –medical fitness and criminal history***

An applicant for a driver authority must be of good repute and in all other respects a fit and proper person. The two main ways RMS ascertains whether an applicant is “fit and proper” is to consider their medical fitness and their criminal history.

#### **Medical fitness**

NSW has adopted nationally agreed medical standards for commercial vehicle drivers, which apply to taxi, bus and hire car drivers<sup>51</sup> (as well as to anyone holding a licence to drive a vehicle which is more than 8 tonnes, GVM). These standards are higher than for private vehicle drivers.

For example, there are no hearing standards that apply to privately licensed drivers, but there are limitations on hearing loss for authorised drivers<sup>52</sup>. The taskforce is aware that overseas, rideshare companies allow drivers who would not meet the hearing requirements, and have written to Australian governments seeking that this requirement be changed.

Once authorised, bus drivers must undergo a medical assessment every three years until the age of 60 due to the higher risk associated with driving a larger vehicle. After the age of 60 all authorised drivers must undergo an annual medical assessment.

In some cases authorised drivers must have their medical conditions reviewed more frequently by a specialist, or be prevented from resuming driving for longer after a medical emergency than a privately licensed driver. RMS can suspend or cancel a driver authority if the driver is not medically fit (as well as if they fail to provide a recent medical report).

#### **Criminal history**

RMS conducts a National Criminal History Record Check and if there are no relevant offences identified in the person’s history, such as physical or sexual assaults, then the application may be approved.

RMS completes criminal history checks on applicants for a driver authority and at the time the authority is renewed. RMS also receives ad hoc notifications from NSW Police where it is identified by the investigating officer that a person charged also holds a driver authority, which enables investigation and appropriate action to be taken.

### ***Administration of driver authority safety standards***

RMS’ implementation of the criminal, medical and driver licensing/record standards shows that in 2014, 399 applications for a taxi or hire car driver authority were refused because they failed to meet the required standard. Likewise, 244 taxi and hire car driver authorities were cancelled because the driver no longer met these standards<sup>53</sup>.

The taskforce has heard from stakeholders about other issues related to the current processes used by RMS to issue driver authorities. In particular, they have raised concerns about the how long it takes to get a driver authority issued, and in particular a taxi driver authority.

RMS confirmed that during 2014 processing times for driver authorities were taking more than three months, but that it is now taking approximately four weeks. Information provided by TfNSW suggests that prior to 2011 it took two weeks to process a driver authority, similar to what occurs in other states.

### **Ridesharing**

Internationally, rideshare companies have adopted different approaches to screening drivers in order to promote customer safety. Some examples include criminal and driver record checks, sex offender registry check, face-to-face interviews, employer references, and riding with a mentor. It would appear that ridesharing platforms generally rely on the medical standards set by driver licensing regimes.

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51 Austroads, Assessing Fitness to Driver for Commercial and private vehicle drivers, March 2012.

52 Austroads, Assessing Fitness to Driver for Commercial and private vehicle drivers, March 2012.

53 Data from RMS. It is not possible to separate bus driver authorities for tourist services from other bus services from RMS’ database. RMS was not able to provide the total number of applications for taxi and hire car driver authorities in 2014.

On top of the driver licensing and other requirements, many ridesharing apps enable customers and drivers to rate each other at the completion of each journey, and the ability to provide comments. This two-way public feedback should encourage safe behaviour in both the driver and the customer.

Uber has advised that it requires drivers providing rideshare services in Sydney to have held an unrestricted driver licence for 12 months, to have never been disqualified from driving, or have any driving offences which attract four demerit points. It also advises that it has a zero tolerance policy for drug and alcohol offences.

Uber has also told the taskforce that it undertakes a criminal record check on prospective drivers. Where prospective drivers hold a current RMS issued driver authority, Uber does not conduct driver record or criminal record checks. Uber has told the taskforce that it has refused drivers who hold (or have held) driver authorities because it claims its standards are higher. Uber has not indicated that it conducts ongoing checks of drivers' criminal records.

RMS advises that Uber appears to be encouraging its Sydney-based UberX drivers to apply for hire car driver authorities, and has had at times information on its website about how its rideshare drivers can apply for driver authorities. RMS advises that in the six months to 30 June 2015 it issued 2,600 hire car driver authorities, compared to 1,322 hire car driver authorities for all of 2014, and there was no corresponding increase in the hire car fleet. Information from TfNSW indicates that there are high numbers of UberX drivers in other Australian states with hire car driver authorities.

### ***Regulation of rideshare drivers in overseas jurisdictions***

Where regulation has been established in overseas jurisdictions, regulators have largely codified the practices already in place in many rideshare companies. For example, in Washington DC, rideshare companies must arrange background checks to be performed on each driver upon entry and every three years – including of criminal history, sex offences, and driving history<sup>54</sup>.

#### **Discussion point 7**

The taskforce seeks comment on whether the Government's current safety standards for public passenger drivers are reasonable.

Also, how could the processes for enforcing these standards be improved? Are there alternatives to the current system that could work more efficiently and effectively?

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<sup>54</sup> Council of the District of Columbia, Committee on Transportation and the Environment, Committee Report, 1 October 2014.

## Summary – Regulation of vehicles for safety

| Safety feature  | Taxi  | Hire car  | Tourist service (bus)  | Community transport  | Courtesy services  | Ridesharing  |
|---|---|---|--|--|--|--|
| <b>Vehicle registration</b>   | <ul style="list-style-type: none"> <li>Vehicle must be registered</li> <li>Vehicle must be inspected twice a year</li> </ul>  | <ul style="list-style-type: none"> <li>Vehicle must be registered</li> <li>Inspection requirements vary</li> </ul>    | <ul style="list-style-type: none"> <li>Vehicle must be registered</li> <li>Inspection requirements vary</li> </ul>                       | <ul style="list-style-type: none"> <li>Vehicle must be registered</li> <li>Inspection requirements vary</li> </ul>   | <ul style="list-style-type: none"> <li>Vehicle must be registered</li> <li>Inspection requirements vary</li> </ul> | <ul style="list-style-type: none"> <li>Vehicle must be registered</li> <li>Vehicles over 5 years old inspected every year</li> </ul>   |
| <b>Operator accreditation</b>                                       | <ul style="list-style-type: none"> <li>Criminal history check and references</li> <li>Cannot have been disqualified from managing a corporation or have been subject of proceedings under Corporations law</li> <li>Letter from an accountant stating that the operator has the financial capability to operate the services, including meeting maintenance requirements</li> </ul> | <ul style="list-style-type: none"> <li>No additional requirements</li> </ul>  | <ul style="list-style-type: none"> <li>Safety management system</li> <li>Drug and alcohol program</li> <li>Passenger manifest</li> </ul> | <p>Operators will be required to meet bus or hire car accreditation requirements under 2014 Act</p> <p>Operators will be required to meet bus or hire car equivalents under 2014 Act</p> | <p>Not required</p>  | <p>These features are in place but not required by regulation:</p> <ul style="list-style-type: none"> <li>Vehicles inspected at intake</li> <li>Two-way rating system</li> <li>No cash is exchanged</li> <li>Both phones are tracked</li> <li>Identifying information about the vehicle, driver and customer on phone app</li> <li>Uber – Share my ETA feature of app</li> </ul> |
|   | <ul style="list-style-type: none"> <li>Duress alarm, if connected to an authorised taxi network</li> <li>Boot lock release</li> <li>Security camera</li> <li>Roof sign and lights</li> </ul>  | <ul style="list-style-type: none"> <li>Vehicle tracking device, if connected to an authorised taxi network</li> </ul> | <ul style="list-style-type: none"> <li>No additional requirements</li> </ul>   | <ul style="list-style-type: none"> <li>No additional requirements</li> </ul>   | <p>Not applicable</p>  | <p>Not applicable</p>  |
| <b>Operators in Newcastle, Sydney, Wollongong, Gosford or Wyong</b> | <ul style="list-style-type: none"> <li>Vehicle tracking device, if connected to an authorised taxi network</li> </ul>   | <ul style="list-style-type: none"> <li>No additional requirements</li> </ul>  | <ul style="list-style-type: none"> <li>No additional requirements</li> </ul>   | <p>Not applicable</p>  | <p>Not applicable</p>  | <ul style="list-style-type: none"> <li>No services in Newcastle, Wollongong, Gosford or Wyong</li> </ul>   |
| <b>National Heavy Vehicle Law</b>                                   | <p>Not applicable</p>   | <p>Buses over 4.5 tonnes GVM and 13+ seats – heavy vehicle fatigue requirements</p>                                   | <p>Buses over 4.5 tonnes GVM and 13+ seats – heavy vehicle fatigue requirements</p>  | <p>Not applicable</p>  | <p>Not applicable</p>  | <p>Not applicable</p>  |

## Regulation of vehicles for safety

This section considers the regulation for safety of vehicles used to deliver different point to point transport services. The principal means of ensuring the safety of vehicles is the vehicle registration and operator accreditation schemes. The requirements of these two schemes are considered below.

### Registration

All vehicles in NSW must be registered. RMS has inspection and certification schemes to make sure that all vehicles meet minimum safety requirements. Light vehicles up to 5 tonnes tare weight are required to undergo annual inspections as part of the vehicle registration process, once the vehicle is more than five years old. Because taxis, hire cars and buses are on the road more and carry fare-paying members of the public they are to be inspected at least twice a year.

Owners of vehicles (including taxis, hire cars and buses) registered for business purposes pay 60 per cent more for their registration than owners of vehicles registered for private use<sup>55</sup> (“for social or domestic purposes or for pleasure and, in the opinion of RMS, its use for any other purpose is minimal”).

Given the definition, owners of vehicles used for ridesharing on a regular basis are likely to be captured by the rules for registration relating to business use, though the taskforce has no evidence that rideshare drivers are paying the commercial registration rate.

The taskforce also heard from taxi and hire car operators in regional areas that when they put a new taxi on using a registration plate that had been previously used on another vehicle, the RMS registry required the operator to produce a letter from RMS to give them permission to do so. It is unclear why this letter is required.

#### Discussion point 8

Are there ways that the registration regime could be streamlined for point to point transport providers?

### Operator accreditation requirements

Under passenger transport laws, the main way the ongoing safety of taxis, tourist service (buses) and hire cars is regulated is by the requirements associated with operator accreditation. A person must not operate a tourist services (bus), hire car or taxi service unless the person is accredited as the operator of that service. The purpose of accreditation is to attest that the accredited person:

- is considered to be of good repute and in all other respects fit and proper to be responsible for the operation of a public passenger service, and
- has demonstrated the capacity to meet the Government’s standards of financial viability, and safety of passengers and the public, and vehicle maintenance.

### *Standards for the safety of passengers and the public and vehicle maintenance*

The Government relies on vehicle registration requirements associated with roadworthiness as the standard for safety of passengers and the public. In terms of vehicle maintenance, the operator must have access to maintenance facilities and all major maintenance and repairs are to be undertaken by a licensed mechanic. Operators must also have and use a maintenance plan that is consistent with the vehicle manufacturer’s standards.

### *Requirements relating to fit and proper, good repute, responsibility and financial viability*

RMS uses criminal history checking to ascertain whether an applicant for taxi, hire car or bus operator accreditation is of good repute. RMS also requires references from certain people in the community. In terms of fit and proper requirements, applications will not be approved if the applicant has been disqualified from managing a corporation or has been the subject of proceedings under corporations law.

To ascertain financial viability, RMS requires a letter from an accountant (who is not an employee) which states that the operator has the financial capability to operate the services, including meeting the requirements around maintenance. These requirements are aimed at ensuring public safety by indicating that the potential operator has the financial means to keep the vehicles properly maintained.

<sup>55</sup> *Motor Vehicles Taxation Act 1988*, s. 3(2) and Schedule 1.

## Hire car services

The Government does not specify any vehicle safety requirements for hire cars beyond what is required for vehicle registration and maintenance. It should also be noted that hire car drivers and operators in Sydney, Wollongong, Newcastle and the Central Coast are not currently required to keep a record of the customer or the journey. However, the taskforce expects that this occurs in the vast majority of cases.

## Additional requirements for tourist service (bus) operators

Tourist service operators most likely to be providing point to point transport services would be those using small buses. Applicants for bus operator accreditation must also complete a course approved by TfNSW at a cost of \$725.

Once accredited, these operators have additional obligations which require them to have a drug and alcohol program for certain employees which complies with guidelines approved by TfNSW. They must also have a safety management system which identifies significant risks, specifies the controls and complies with any other prescribed requirements.

These operators are subject to routine audits every three years and an annual self-assessment. Fatigue and other safety requirements of national heavy vehicle legislation also applies to buses over 4.5 tonnes gross vehicle mass seating more than 12 passengers.

While not required by regulation, if tourist vehicle operators install security cameras, then the cameras must meet certain standards. Further, the driver must also have a manifest of passengers. If there are seatbelts in the bus, then passengers must to be notified of the requirement to wear a seatbelt.

## Community transport services

As noted above, community transport services are not captured by the 1990 Act. However, when the 2014 Act fully commences, community transport operators will be required to meet these requirements. If they only provide services in cars, then they will have to meet the same requirements as hire car operators.

## Additional requirements for taxi services

The taskforce acknowledges that there are legitimately different safety and security concerns associated with the anonymity of a service that is hailed in the street or taken from a taxi rank compared to a service which is booked. In recent years, technological innovation in payment systems means that there are now phone apps which allow customers and taxi drivers to set up accounts allowing for cashless and cardless payment for their service. These have been associated with booking apps, but some still offer this payment method without the service being booked through the app.

This reduces the risk for both the customer and the taxi driver of dispute over payment, and for the driver, cashless transactions significantly reduce the risk of assault. However, as long as a significant proportion of taxi trips are paid for in cash, there is a higher level of risk associated with this kind of service.

Accordingly, there are additional obligations for taxi networks and taxi operators associated with the vehicle that are designed to ensure the safety and security of customers and drivers described below. The taskforce invites comment on whether these measures are appropriate and if so, how they may be better applied.

## Additional accreditation requirements for taxi operators

Applicants for taxi operator accreditation in Sydney must complete a course to demonstrate their competence. The course costs operators approximately \$1,000 and has modules on maintenance and roadworthiness and work health and safety. The scale of the benefits to drivers or customers from this course is not clear to the taskforce. The cost of accreditation for taxi operators is significantly higher than the cost for other service types. To renew an accreditation, a taxi operator must pay \$260 per vehicle per year, whereas a hire car operator is only required to renew their accreditation once at a cost of \$45 (not on a per vehicle basis).

The taskforce understands that the higher amount charged to taxi operators contributes towards the cost of 48 secure taxi ranks around NSW (taxi ranks which are staffed by security guards and/or have security cameras) operating at peak times such as on Friday and Saturday nights.

## Roof lights, signs and security equipment

A taxi is required to be fitted with a roof sign which lights up displaying the word "TAXI". There are restrictions on advertising on the outside of taxi vehicles so customers can clearly understand that they are hiring a taxi. It is also an offence for anyone to falsely represent they are legally providing a taxi service.

The operator of a taxi must ensure that the vehicle is fitted with a duress alarm (if the taxi is connected to an authorised network), a boot lock release device for vehicles with a fully enclosed boot compartment, a vehicle tracking device (only for taxis in Newcastle, Sydney, Wollongong, Gosford or Wyong) and an approved security camera system (at least one internal and two external cameras). Currently, taxi operators must belong to a network to access the security services described here, and they pay high fees for the services provided<sup>56</sup>.

Taxis must be regularly certified that they meet these requirements. Those in Sydney, Newcastle and Wollongong are inspected every four months, taxis in the Western Division must be inspected once a year, and everywhere else in the State they must be inspected twice a year.

Both taxi drivers and operators are obliged to ensure that vehicles which have non-compliant safety equipment are not used to deliver a taxi service. Between 2011 and 2014, taxis failed to meet these requirements at inspection on 874 occasions. In more than 700 cases, the security camera was not working properly and these vehicles would not have been permitted to be used as a taxi until the camera was repaired.

Taxi networks are required to ensure that the duress systems in taxis operate efficiently and to ensure a prompt response when the system is activated. The taxi network is also required to produce video recordings from any security camera installed in an affiliated taxi. Before every shift, taxi drivers are required to make a written statement as to whether the camera is working.

### Discussion point 9

It seems to the taskforce that, given the anonymity of rank and hail transport, the ability to clearly identify a taxi is important, as well as having some assurance that the vehicle is being monitored remotely. Knowing that there is a visual and electronic record not only helps to resolve matters after the event, but assists in suppressing incidents beforehand.

Having this security equipment uniquely associated with the vehicle (rather than with the driver or customer only) does appear to mitigate risks around handheld devices (such as smartphones) being switched off or stolen.

However, the current detailed, prescriptive requirements relating to the equipment and how and by whom it is to be handled, adds expense for the owner of the taxi.

The taskforce invites comment on whether the current safety and security requirements for taxis are appropriate and whether there are alternative models for how safety outcomes can be achieved.

## Rideshare services

In addition to meeting registration requirements, Uber advises that before a driver can take customers, the car must be inspected by its licensed mechanic who is also an Authorised Inspection Station Examiner<sup>57</sup>. This is similar to other rideshare companies internationally<sup>58</sup>.

Many of the safety features of ridesharing are not associated with the vehicle, but rather the app on the driver's and the customer's smartphone, such as GPS tracking. As the NSW Taxi Council has pointed out to the taskforce, interference with either phone (for example, it is taken or switched off) during the journey may make this less effective.

<sup>56</sup> Network fees vary significantly across country areas and are, on average, higher than they are in Sydney and other urban areas. The CIE reported that the average annual network fee is \$7,540 in Sydney, \$8,914 in other urban areas, and \$10,834 in other areas of the State. On average, network fees account for 6 per cent to 7 per cent of the total costs/revenue per taxi in areas outside Sydney. (The CIE, 2014 survey of taxi drivers and operators - Survey results for areas outside Sydney, Final Report, May 2015) An anonymous submission to IPART's Review of Taxi Fares Outside of Sydney noted that it would be a massive advantage to pay reduced network fees for use of a network's security system and not have to use some of the other network services. (IPART, Review of taxi fares outside Sydney to apply from July 2015, June 2015)

<sup>57</sup> The Authorised Inspection Station scheme is a system, administered by RMS, under which vehicles are inspected by licensed mechanics, for a number of reasons, the most common being to establish, renew or transfer registration. The inspections check whether the vehicles are safe for use on the road.

<sup>58</sup> [Shuddle, What is included in the Shuddle Vehicle Inspection?, 5 May 2015](#)

Further, drivers and customers must register with the app, and there is identifying information about the vehicle, driver and customer when a booking is made. The Uber app also has a feature called Share My ETA which allows the customer to send an SMS with a link to the map with the journey in real time<sup>59</sup>. Ridesharing services offer cashless and cardless transactions, with the payment made through the customer and driver's accounts with the app. Anecdotal evidence to the taskforce suggests that all of these features provide both the driver and the customer with some assurance about their personal safety during the journey.

### ***Regulation of rideshare vehicles in overseas jurisdictions***

Where ridesharing has been regulated, some vehicle standards have been required by law, and generally they treat rideshare services as distinct from taxis and hire cars. For example, Washington DC, USA places obligations on the rideshare company to verify that a car used to provide a rideshare service has undergone inspection by a licensed mechanic within 90 days of beginning service and annually thereafter.

#### **Discussion point 10**

The differing and sometimes quite complex additional requirements placed on the operators of different service types make it harder for them to compete effectively.

The taskforce is aware that in its recent reforms, Victoria greatly simplified the requirements for operator accreditation applicants<sup>60</sup>. For example, applicants for taxi operator accreditation and hire car licensing are now only required to provide evidence of their identity and are subject to a criminal history check. Once accredited, operators have ongoing requirements relating to vehicle safety and working equipment.

The taskforce is interested in views on appropriate safety standards for point to point transport vehicles and how these standards may best be achieved.

For example, are there any requirements beyond roadworthiness you think are necessary?

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<sup>59</sup> [Uber, Features](#)

<sup>60</sup> [Victorian Taxi Services Commission, Taxi owners and operators](#)

# Consumer protection

Point to point transport customers have the same rights and face similar risks to consumers in other settings. For example, they may risk being overcharged.

NSW is a signatory to the intergovernmental agreement (IGA) establishing the Australian Consumer Law (ACL), which is designed to inform consumers in making purchasing decisions, protect them from unconscionable or deceptive conduct, and from unsafe or defective goods and services and provide them with remedies when they suffer loss from such conduct or products.

As part of the IGA, NSW committed to consider whether industry-specific legislation, such as passenger transport legislation, is required for consumer protection. There are two main ways consumer protection is dealt with in NSW on top of the consumer law: requirements relating to insurance, and with regulated fares, such as taxi meters.

## Insurance

Insurance does not prevent injury or property damage, but it does give people an avenue to recover costs associated with injury or damage. The cost of insurance has come up frequently in discussions with taxi industry stakeholders, who pay very high premiums compared to other point to point transport providers.

### Compulsory third party (CTP) insurance

All vehicle owners in NSW must have a CTP insurance policy (also known as a green slip) before they are able to register their vehicle<sup>61</sup>. CTP is third party personal injury insurance which covers the driver in circumstances where their vehicle causes a motor accident where someone is injured. CTP insurance will not cover damage to vehicles or to property, and only provides limited cover for a driver at fault who is injured in an accident.

The CTP insurance premiums for different vehicle classes are calculated with reference to the relative risk rating of the different uses of that class of vehicle, among other things. They are calculated with reference to a base premium, set at 100 points, which is defined as a Class 1<sup>62</sup> passenger vehicle garaged in the Sydney metropolitan area.

A taxi in the Sydney metropolitan area currently has a risk relativity of 1,151 points. That is, a taxi has a risk relativity of 11.51 times the base premium. A taxi in the outer-metropolitan area has a risk relativity of 581 (or 5.81 times the risk relativity of the base premium)<sup>63</sup>.

A hire car in the Sydney metropolitan area has a risk relativity of 110, and 100 in outer-metropolitan areas, which is the same as the base premium<sup>64</sup>.

Because rideshare drivers use a registered vehicle, they have CTP insurance. The issue for ridesharing and CTP insurance is the potential underpayment of insurance premium relative to the risk of the vehicles and drivers. While passengers of rideshare services, or other road users, are covered by the CTP scheme in the event of injury, rideshare vehicle owners could potentially find themselves facing recovery action for underpaid premium in relation to CTP insurance<sup>65</sup>.

In Sydney, Uber has a discretionary, contingent liability policy which may provide some coverage for drivers in this case. However, Uber has not shared the details of this policy.

This does mean that owners of personal vehicles are potentially cross-subsiding the owners of vehicles being hired through UberX, who may have a higher risk profile because they are on the road for longer periods of time.

### Third party property damage insurance

In addition to CTP insurance, taxi, hire car and tourist service providers must provide third party property damage insurance cover of at least \$5 million for each vehicle used to provide the service. This requirement is in place so that people whose property is damaged in the event of an accident do not have to seek the costs of this damage through the courts.

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61 *Motor Accidents Compensation Act 1999*, s8

62 A Class 1 vehicle is defined as a motor car - any motor vehicle not otherwise included in a different class of vehicle including: omnibus type car - any motor car which has seating accommodation for 9 or less adults (including the driver). Includes station wagon or four wheel drive passenger vehicle - any station wagon or 4WD passenger vehicle not included in Class 5, 6, 7, 9, 11, 12 or 15. More information can be found at the [MAA website](#)

63 Motor Accidents Authority, Premium Determination Guidelines, June 2014

64 Motor Accidents Authority, Premium Determination Guidelines, June 2014.

65 Information provided by MAA

Again, while rideshare drivers may have a policy covering third party property damage, the issue is the potential underpayment of insurance premium relative to the risk of the vehicles and drivers. There is a risk for rideshare vehicle owners that they will not be covered by their policy for third party property damage in the event of an accident.

It is understood that in Sydney, Uber has a discretionary, contingent liability policy which may provide some coverage for drivers in this case. It has also been reported in the media that some Australian insurers are starting to explore how their products could cover rideshare vehicle owners<sup>66</sup>.

In NSW, taxi operators are required to have a policy which indemnifies the driver. In Victoria, taxi drivers pay a bond as part of the insurance requirements, presumably as an incentive to drive safely. The taskforce has not received any information about how effective these arrangements are.

### Workers compensation insurance

A taxi driver is deemed to be an employee of the person who supplied the vehicle, generally the taxi operator, for the purposes of workers compensation insurance<sup>67</sup>. A workers compensation policy covers any of the employer's workers in the event of them suffering a work-related injury or illness. The policy will insure against the cost of the support an injured worker might receive.

Workers compensation insurance may be required for other point to point transport services, depending on how the business is established (sole trader, partnership, small, medium or large employers) and how drivers and other employees are engaged.

### Regulation of insurance for ridesharing in overseas jurisdictions

In the USA, the insurance industry has responded with products which provide coverage for rideshare drivers, and some jurisdictions have codified these insurance requirements in regulation.

For example, in California the following applies<sup>68</sup>:

- a) For the period between the driver logging into the rideshare application until the driver accepts a booking – \$100,000 per person and \$300,000 per occurrence for death and personal injury and \$50,000 for property damage;
- b) For the period from accepting a booking until the passenger exits the vehicle – \$1 million for personal injury and property damage.

The Californian regulator permits these insurance coverage thresholds to be met flexibly. This means that the total insurance coverage may be met by either the rideshare company (for example, Uber or Lyft) or the driver, or a combination of the two. Where the driver takes out coverage, the policy must explicitly cover the use of the vehicle for the purposes of ridesharing.

In Washington DC<sup>69</sup> a rideshare operator must maintain an insurance policy for the period when a driver is logged in showing the operator is available to pick up passengers but is not engaged in a pre-arranged ride. The policy must provide coverage of at least \$50,000 per person per accident, with up to \$100,000 available to all persons per accident, and \$25,000 for property damage. A rideshare driver's personal insurance is expressly excluded from coverage when they are logged in. This is aimed at ensuring there are no gaps in insurance coverage.

#### Discussion point 11

The taskforce is interested in comment on insurance arrangements for point to point transport providers. How could they be improved?

For example, are there alternatives to the way vehicles are currently classified for CTP insurance?

Is it necessary to specify a minimum level of coverage for third party property insurance?

<sup>66</sup> The Guardian, NRMA accuses taxi lobby of self-interest after complaint to ACCC over UberX, 17 August 2015.

<sup>67</sup> Workplace Injury Management and Workers Compensation Act 1998, Schedule 1, cl.10.

<sup>68</sup> [California Public Utilities Commission, Insurance Requirements for TNCs](#)

<sup>69</sup> Council of the District of Columbia, Committee on Transportation and the Environment, Committee Report, 1 October 2014.

## Fares, taxi meters and receipts

### Fares

The price which customers pay for point to point services which must be booked (hire cars, tourist services) is not regulated by the NSW Government. This is because customers can negotiate with the provider on the fee, and they can shop around for a better price.

In the case of hire cars, the amount of the fare must be agreed before the hiring. As noted previously, courtesy and community transport service providers often do not charge fares, but are outside the regulatory regime in any case, because they are only providing services to eligible clients, or not charging fares.

Peak pricing is applied by point to point transport providers in different ways. Advances in technology used by rideshare providers mean that peak pricing is transparent. Uber uses flexible peak pricing (also known as “surge pricing”) based on local supply and demand throughout the day, to encourage more drivers onto the road at times and locations where there are not enough drivers to meet demand. At these times, the customer is asked to acknowledge that a fare multiplier is in operation when making the booking<sup>70</sup>. Other rideshare apps have various similar models<sup>71</sup>.

Some jurisdictions have moved to limit the prices able to be charged by rideshare services during an emergency, and rideshare companies (including Uber in Sydney) have been known to refund higher fares charged during times of emergency following criticism from customers.

### Taxi fares

Customers who hail a taxi or take one from a rank are not in a position to easily negotiate a fare, and neither are interstate or international visitors who are unlikely to have information on taxi fares, so the Government regulates the maximum fare that can be charged.

Customers and drivers are able to negotiate a price lower than the maximum. However, there appears to be a widely held perception that the maximum fare is the amount that a driver must charge. For example, during consultation, some taxi operators told the taskforce that the recently added \$2.50 surcharge for late night journeys on Friday and Saturday nights in Sydney has made taxis less attractive for customers, yet they did not appear to have considered that the driver did not have to ask customers to pay the surcharge.

The fare structure for taxi services is complex. There is a flag fall, booking fees, distance and time charges, with different rates that apply according to the time of day. There are also different ways of calculating fares for multiple hirings and for some services offered in maxi taxis. There are extra rates for country taxis.

Tolls and other charges are generally passed on to the customer on top of the regulated fare. The NSW and Victorian governments have also regulated to limit the surcharge for payment by credit, debit or other cards to 5 per cent.

Customer satisfaction with taxi fares is low. A recent survey found that customers perceive fares as too expensive and there are low levels of trust about the amount charged<sup>72</sup>. Given the complexity of the fare structure, it may also be that they misunderstand the fare they are being charged.

New Zealand and Victoria have moved to a system of allowing taxi companies to set their own fares, but the rates must be made publicly available. This means that taxi companies can have more control over their fare structures and can compete for customers on price.

Rather than simplifying fare structures, or giving taxi companies more direct control over what they charge customers, there have been calls to improve information on taxi receipts. Receipt standards are set under the ACL and also under Goods and Services Tax (GST) law. NSW does not currently set any requirements for receipts except to say that they must be provided to customers using wheelchairs (because of the TTSS) or to customers who request one as part of pre-paid fare arrangements on the Central Coast or at secure ranks in central Sydney.

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<sup>70</sup> [Uber, Help - what is surge pricing?](#)

<sup>71</sup> [Lyft, Help centre - price time](#)

<sup>72</sup> 18 per cent of customers are dissatisfied with the reasonableness of the fare charged. 12 per cent of customers are dissatisfied with information on fares, including tolls. Customer Satisfaction Index, May 2014.

## Receipts

The ACL provides that a receipt must be offered to a consumer who purchases goods and services with a value of more than \$75 (excluding GST). A receipt must be provided to a consumer for a purchase of less than \$75 (excluding GST) where the consumer requests one<sup>73</sup>.

The Australian Taxation Office has the following requirements for GST tax invoices for taxi trips:

- Driver's identity, or their Taxi Driver Authority Number
- Driver's ABN
- Date of the taxi journey
- Pick-up point and destination
- Price of the taxi fare
- That the document is intended as a tax invoice (for example, with the words "tax invoice" stated prominently)
- GST amount in relation to the fare (either by including a statement that the total amount payable includes GST or by including the total amount of GST payable).

The NSW Taxi Council is concerned that many receipts in taxis do not appropriately meet these standards and has asked the NSW Government to separately regulate receipts, including the information on the receipt, that the receipt must be printed and that the receipt printer must be connected to the meter.

It is noted that a number of taxi booking apps are now offering registered customers electronic receipts sent via email<sup>74</sup>. These receipts will commonly include the taxi driver name and photo, pick-up location and destination, the total journey time and distance and an itemised list of any additional fees and charges.

### Discussion point 12

Customer satisfaction with fares is low. Customers perceive fares as too high and have low levels of trust in the correct amount being charged.

Could fare regulation be simplified for the benefit of customers?

Do you have any other suggestions about how information to customers could be improved?

## Taxi meters

To measure the maximum fare for a journey, taxis are fitted with meters, which must be running during the hiring. To ensure that the meter is working properly, the operation and settings of the meter are checked at regular intervals. Taxi meters cost operators several hundred dollars, and some involve ongoing subscription fees.

A taxi network must ensure, to the best of its endeavours, that the meters installed by operators meet the required standard and that drivers connected to its network comply with the maximum fare schedule.

The specifications for taxi meters are set out in the Regulation and while they have not been amended in several years they have somewhat accommodated developments in digital and GPS technology. However, meter specifications may not be flexible enough to adequately accommodate newer technologies such as taxi smartphone apps with meter-like functions.

<sup>73</sup> Section 100 of the Australian Consumer Law (Competition and Consumer Act 2010 (Cwth) Schedule 2)

<sup>74</sup> [Ingogo](#) [GoCatch](#) [Uber](#)

### ***Regulation of fares and meters in other jurisdictions***

In Washington DC, the fares of taxi services dispatched via phone apps are deregulated, due to the features of apps giving customers an estimate of the fare prior to the journey, and an understanding of the basis on which the fare is charged. Taxi services hailed on the street or booked via a conventional booking service still have regulated fares.

Both the Queensland and Victorian governments have recently issued new requirements for taxi meters (or a “fare device” as it is now called in Victoria) which requires automation of a number of features, including the addition of tolls, the change in tariffs (for example from day to night) and the printing of a receipt. Among other things, Victoria is also requiring that the meter can “speak” the details of the fare so that customers with visual impairment can be confident of the amount they are being charged.

Given the apparent customer confusion about taxi fares, it is understandable that some regulators are moving to amend meter standards to provide better clarity. All the same, the taskforce’s terms of reference specifically highlight a need to lower the burden of regulation.

#### **Discussion point 13**

Given the apparent customer dissatisfaction and confusion about taxi fares, it is understandable that some regulators are moving to amend meter standards to provide better clarity for customers. All the same, the taskforce’s terms of reference highlight a need to lower the burden of regulation on the industry.

The taskforce seeks comment as to whether there should be any changes to the way fares and meters are regulated, and whether new technologies offer new opportunities at a relatively low cost to industry.

## Quality of services

It is usually not necessary to regulate for quality when there is effective competition because there are incentives for businesses to deliver quality goods and service as a way of attracting and retaining customers. An example of an incentive is the customer feedback and rating systems employed by e-commerce sites like eBay and Amazon.

Where they work, competitive pressures will reflect changing customer expectations of minimum acceptable quality more responsively than government regulations<sup>75</sup>. Indeed, setting minimum performance levels to ensure certain standards can have negative effects on innovation. Mandated minimum standards do little to encourage good performers to do better and can actually hold the best performers back by creating an unnecessary burden<sup>76</sup>.

Putting this in the context of point to point transport, booked-only services rely on brand reputation and return customers, so they have an incentive to provide quality services. In this way, they are more self-regulating.

### Regulation for quality of taxis, hire cars and tourist services

There are some minimum quality standards that are mandated through regulation which apply to all point to point transport providers currently operating under the 1990 Act.

Drivers must be clean and tidy, behave in an orderly manner; and not smoke, eat or drink in the vehicle. They must also return lost property promptly to its owner, or give it to the operator of the service, to the police or in the case of a taxi, to the taxi network. Likewise, there is a common requirement for all such vehicles to be neat and tidy, with all fittings working and in good condition.

Comfort and quality standards for tourist vehicles were removed in 1990. This meant a much broader range of vehicles (including smaller vehicles), were able to be used to provide tourist services and operators have found new ways to meet customers' needs. This is reflected in the growth of the number of small buses (9 to 12 seats) registered as tourist vehicles - from 105 in 1995 to 389 in 2015<sup>77</sup>. The only additional ongoing requirement for tourist services is to maintain a complaints register, which includes the action taken in respect of each complaint.

Partly associated with the traditional role of hire cars as luxury services, there are restrictions on the types of vehicles which may be used to provide services falling into three categories. These include sedans with a 2,800mm wheel base, hybrid vehicles with a 2,700 mm wheelbase or luxury vehicles with a wheelbase of 2,700mm<sup>78</sup>.

#### Additional requirements for taxi drivers

There are several regulatory obligations placed on taxi drivers which are aimed at ensuring good customer service. Sydney taxi drivers must pass assessments of English ability (\$165) and geographical and regulation knowledge (competency in the English language might be regarded as a safety issue, particularly with rank and hail services). Drivers in Sydney, Newcastle and Wollongong must also complete two courses, much of which is related to customer service (about \$1,200). They must also wear an approved network uniform.

Despite the prescriptive requirements that apply to taxi drivers as described above, rudeness on the part of drivers is one of the most frequent sources of complaint, only less so than complaints about the fare and unsafe driving<sup>79</sup>. Regular customer surveys conducted by Transport for NSW show that passengers are dissatisfied with the difficulty of communicating with the driver and 8 per cent are dissatisfied with the geographical knowledge of the driver<sup>80</sup>.

IPART notes that the most common means of engaging taxi drivers in Sydney, the fixed pay-in system, insulates operators from poor quality drivers. That is, operators are guaranteed to receive the pay-in amount regardless of the service delivered by the driver. A commission-based pay-in, which is favoured in areas outside of Sydney, may create an incentive to seek out and retain experienced drivers who offer high quality service<sup>81</sup>.

#### Additional requirements for taxi vehicles

To ensure passenger comfort, there is an accommodation standard for seating, as well as minimum distances between the front and rear seats, which limits the types of vehicles that can be used as taxis to larger sedans or station wagons, vans and some people movers.

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<sup>75</sup> Productivity Commission, *Business Set-up, Transfer and Closure: Productivity Commission Draft Report*, May 2015.

<sup>76</sup> Better Regulation Office, *Guide to Better Regulation*, November 2009.

<sup>77</sup> Data from RMS

<sup>78</sup> The full specification for vehicles used as hire cars is included at Appendix 3.

<sup>79</sup> RMS data

<sup>80</sup> Transport for NSW, *Customer Satisfaction Index*, 2014.

<sup>81</sup> IPART, *Review of the Taxi and Hire Car Industries*, 1999.

Taxis are also regularly inspected for compliance with other prescriptive comfort and quality standards, and they can be issued a non-compliance notice until they are rectified, such as if:

- the exterior body of the vehicle is dirty or damaged
- the windows are dirty
- the head restraints are missing or damaged.
- the seat covers are poorly fitted
- the original floor covering has been removed and not replaced with a floor covering equivalent to that of the original manufacturer

If taxi operators do not rectify the defects identified in the timeframe given by the inspector, then they may be fined if they use the taxi for services. Despite these prescriptive standards and the comprehensive inspection regime, 5 per cent of customers are dissatisfied with the cleanliness of the taxi interior and 9 per cent are dissatisfied with the smell.

### Requirements of taxi networks

Service standards for taxi networks are established in the 1990 Act and Regulation and service standard policy documents<sup>82</sup>.

Taxi networks must have a system to manage customer feedback which provides for procedural fairness for drivers, maintains the privacy of customers and is able to provide (de-identified) statistics about feedback to RMS. They must also have systems to handle lost property and also to ensure that 10 per cent of its affiliated taxis that are on the road have child restraints.

A taxi network must ensure, to the best of its endeavours, that associated operators and drivers meet requirements in relation to advertising restrictions, network livery and the presentation of drivers (uniforms). Despite these measures being in place, the third most common fine for taxi drivers, and the most common caution (warning) issued by RMS, are because drivers are not wearing the appropriate uniform<sup>83</sup>.

There are also key performance indicators (KPIs) for networks about customer pick-up times, phone answering times and reliability (that is, when there is no car available). They must report these KPIs to RMS. Despite these KPIs being in place, around 10 per cent of urban taxi customers are dissatisfied with the availability of taxi services and also with the on-time arrival of taxis<sup>84</sup>.

Taxi networks may be fined \$500 (or up to \$1,100 by a court) if they do not report on their performance, but there is no penalty for not meeting the KPIs, other than removing the network's authorisation. TfNSW has advised that action is rarely, if ever taken against taxi networks for this or any other breach of the standards.

Stakeholders have said that this may be due in part because the business model of the taxi networks causes them to be focused on the needs of operators to a much greater extent than customers. It may also be because of the nature of taxi services, particularly vehicles that are hailed or hired from a rank, where it is unlikely that a customer will use the same taxi twice. Consequently, in densely populated metropolitan areas (as opposed to the country or the outer suburbs), there is less incentive to provide a quality service as a means of attracting repeat business.

### Ridesharing

Service quality is entirely self-regulated in ridesharing. For example, customers and drivers provide feedback on the trip after each trip<sup>85</sup>. Average ratings are then able to be seen by other app users, which regulates the behaviour of both drivers and customers. Uber advised the taskforce that it encourages drivers and customers to resolve lost property issues directly, which is possible because of the app technology.

The technology also allows customers to see the GPS path of their rides so that they can independently verify that the driver took the shortest route. The main prescriptive requirement Uber sets are around the age, size and condition of the vehicle used for the service<sup>86</sup>. The taskforce does not have sufficient information to know whether these quality controls work as well as is claimed by ridesharing platform providers.

#### Discussion point 14

The current prescriptive regulatory requirements aimed at ensuring service quality place additional costs on operators and drivers, particularly in the taxi industry. Should service quality be subject to regulation?

Are there alternative ways to ensure service quality for point to point transport customers?

82 Ministry of Transport, Guide for Authorised Taxi-cab Network Providers and Taxi-cab Network Services Standards for the Sydney Metropolitan, Newcastle and Wollongong Transport Districts and the Local Government Areas of Gosford and Wyong, May 2008; NSW Department of Transport, Interim Standards for Authorised Taxi-cab Networks in Country Area, February 1993.

83 RMS Data

84 TfNSW, Customer Satisfaction Index, 2014.

85 [Uber, Safety](#), [Lyft, Safety](#), [Backseat](#), [How it works](#)

86 [Uber, Signup - Sydney](#)

## Regulation of supply of services

The numbers of each point to point transport service type are set in different ways. The Government requires taxis and hire cars to have a vehicle licence (at a price), others are contracted by Government and others (tourist services and courtesy transport) have no limits placed by the Government on their numbers.

From time to time governments puts various transport services to tender and all point to point transport service providers have the opportunity to bid for the work. The taskforce is more concerned that the regulatory requirements, described here and elsewhere throughout the paper, may create an uneven playing field, and place some classes of provider at an unfair competitive disadvantage in any tender process.

The taskforce has not been asked to make recommendations on the services that are provided by pubs and clubs to bring customers to their venues, and to take them home safely afterwards, rather it is concerned with the regulatory arrangements which make it more difficult for some service providers to be a viable option for venues and their guests.

All regulatory requirements imposed on point to point transport industry participants might be seen as placing a limit on competitive participation in the industry and the taskforce has heard from many stakeholders who claim that this is the case. In most parts of NSW, however, the single biggest regulatory cost associated with operating a taxi is the cost of the taxi licence, and this will be the subject of detailed consideration in the taskforce's report.

The primary methods of regulating the supply of point to point services are summarised in the table below.

**Table 3: Regulation of supply of point to point transport services.**

| Service type  | Sydney  | Outside Sydney  |
|---|---|---|
| <b>Taxis</b>  | Limit on numbers through a licence  | No limit on numbers, but Government pricing policy on licences limits supply    |
| <b>Hire cars</b>  | No limit on numbers, but Government pricing policy on licences may limit supply | No limit on numbers, but Government pricing policy on licences may limit supply |
| <b>Tourist services</b>   | No limit on numbers   | No limit on numbers   |
| <b>Community transport</b>                                      | Government contracts for services   | Government contracts for services   |
| <b>Courtesy transport</b>                                       | No limit on numbers   | No limit on numbers   |
| <b>Ridesharing – operating outside the regulatory framework</b> | Not applicable  | Not operating   |

## Supply of taxi licences

### Licence categories

Taxi licences give the holder of the licence permission to use a vehicle to operate a taxi service. There are three categories of taxi licence recognised in NSW legislation: annual licences, short-term licences and ordinary licences. These licences vary by licence term, whether they can be transferred (sold) and whether new licences of this kind are available (see table 4). The majority of taxi licences in NSW are “ordinary licences”.

There are also different restrictions on how some licence types can be operated. For example, there are “unrestricted” taxi licences, peak availability licences, which can only be operated at certain times, and wheelchair-accessible taxi licences, which must be operated using a wheelchair-accessible vehicle, and preference must be given to customers in wheelchairs.

**Table 4: Taxi licences**

|                            | Number of licences, 1 July 2015 | Licence term   | Can it be transferred? | Can a new licence be obtained? |
|----------------------------|---------------------------------|--|------------------------|--------------------------------|
| <b>Annual licences</b>     | 1,195 (16 per cent)             | One year, renewable up to nine times                         | Not transferable       | Sydney only                    |
| <b>Short-term licences</b> | 234 (3 per cent)                | Not more than six years, not renewable                       | Not transferable       | Outside Sydney only            |
| <b>Ordinary licences</b>   | 5,856 (80 per cent)             | Term set by RMS but can be effectively renewed in perpetuity | Transferable           | Outside Sydney only            |
| <b>Total</b>               | 7,285                           |  |                        |                                |

### Investment in taxi licences

The majority of taxi licence owners do not play any direct role in providing taxi services (though they may have in the past). Instead, they lease the licence to a taxi operator – in many cases through an intermediary – in return for an income stream. The payments from operators to licence owners are affected by how profitable it is to operate a taxi. In this respect, a taxi licence is similar to a financial asset, much like shares or an investment property.

The taskforce has heard from people who said that they purchased a taxi licence because they considered them to be a good investment. Indeed, past experience has been that the value of an ordinary unrestricted licence has generally increased over time due to supply of licences being restricted (see figure 2 below).

Many others received licences, often at no or little cost, under a ballot or seniority system in recognition of military service or long service as a taxi driver and have retained ownership to finance their retirement through the receipt of lease payments. In some instances, the ownership of taxi licences has been passed down through several generations.

#### Box 3: Taxi licence ownership

Around 80 per cent of Sydney taxi licences are operated by someone other than the licence owner. Outside Sydney most taxi licences are owner-operated.

Almost 60 per cent of taxi licences are owned by individuals.

Most taxi licence owners own only one licence each.

Source: RMS data.

### Changes in the supply of taxi licences

Historically, the supply of taxi licences has not kept pace with the demand for taxi services. When demand for a service exceeds supply, the price of that service increases. This is reflected in high licence values in most parts of NSW.

#### Pre-1990

Limiting the supply of taxi licences in Sydney goes back as far as the 1930s when restrictions were placed on new licences so that only active taxi drivers could get a taxi licence. They were not allowed to operate more than one licence and licences could not be transferred.

There were ballots of taxi licences, with many allocated to returned servicemen so they could generate an income. Further ballots (many at no or very low cost) occurred through to the 1960s but the supply of taxis did not adequately keep up with demand. In the 1960s, licence transfers were permitted and ballots were replaced by allocating licences free of charge to drivers on a “seniority register”. Taxi operators were also allowed to operate up to three taxis. The seniority register continued until 1987.

Also in the 1980s, with the introduction of random breath testing, additional taxi licences were issued to taxi networks, along with free wheelchair-accessible taxi licences. These later became known as “nexus” plates. Policy changes in 1987 allowed people other than taxi drivers to own a licence. This encouraged speculative investment, putting upward pressure on the value of licences.

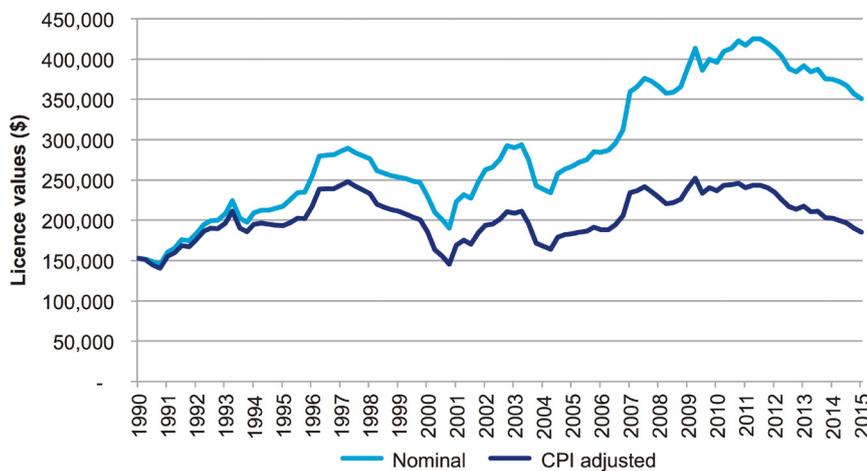
### 1990-2009

The 1990 Act formalised in law the policy for allowing passive investment in taxi licences and made licences available on demand at the “current market value”. However, the already high licence values were a deterrent to purchasing a new licence.

Between 1990 and 1997 the Government did not issue any new ordinary unrestricted licences<sup>87</sup>, despite economic, population and tourism growth which generate demand for more taxis. Over this period, the average price of an ordinary unrestricted licence on the secondary market increased from around \$150,000 to almost \$300,000 not taking into account inflation<sup>88</sup>.

Several hundred licences were issued prior to the Sydney Olympics in 2000, and in the years that immediately followed as part of reforms to hire car licensing. This increase in supply resulted in a short-term drop in taxi licence values, close to their value in 1990, after taking inflation into account. See figure 2.

**Figure 2: Average transfer values for Sydney ordinary unrestricted taxi licences**



### Reform of taxi licensing arrangements in Sydney

In 2009 changes were made to taxi licensing in Sydney with the aim of ensuring that the supply of taxis responds more closely to growth in passenger demand for taxi services. The reforms also aimed to:

- Balance the need for a more affordable means of entry into the taxi market with the need to avoid unreasonable impacts on existing licence holders
- Reduce barriers to entry and encourage competition
- Place downward pressure on fares over time
- Simplify existing taxi licence structures<sup>89</sup>.

The number of new licences, other than wheelchair-accessible licences, is now controlled through an annual determination process.

Since the 2009 changes, there has been an increase of around 752 taxi licences in Sydney (a 14 per cent increase); including 354 peak availability licences that restrict the hours the attached taxi can operate<sup>90</sup>.

87 IPART, Review of the Taxi Cab and Hire Car Industries - Final Report, November 1999. Following the transfer of responsibility for taxi licensing to the Department of Transport in 1990, 12 pairs of “nexus” and wheelchair accessible taxi licences were offered for tender.

88 [TFNSW, Taxi Licence Average Prices.](#)

89 [TFNSW, Taxi licences Background](#)

90 IPART, Sydney taxi fares to apply and new licences to be released from July 2015 - Final Report, February 2015.

The cost of a taxi licence has declined in recent years. In its most recent report on Sydney taxi fares and licences, IPART found that the average price of annual unrestricted licences – which is a proxy for what it costs an operator to lease an ordinary unrestricted licence – decreased by 7.8 per cent in real terms (accounting for inflation) between 2011 and 2014<sup>91</sup>. It attributed the decline to the impact of competition from other point to point services rather than from the release of additional licences or fare changes.

Despite the increased number of licences and competition from alternative services, the cost of licences remains very high. For example, the cost of purchasing an ordinary unrestricted licence on the secondary market was around \$350,000 during the first half of 2015<sup>92</sup> and the average annual fee for a new annual unrestricted licence (which is indicative of the annual lease cost of an ordinary unrestricted licence) was around \$28,000 in July 2015<sup>93</sup>.

### Taxi licensing arrangements outside Sydney

The process for issuing new unrestricted taxi licences outside Sydney is the same as that which was in place for Sydney between 1990 and 2009. That is, new licences are available on demand at current market value. The cost of purchasing an ordinary unrestricted licence on the secondary market – which the Government can use to inform its determination of the current market value – is less than \$100,000 in some areas and over \$300,000 in other areas<sup>94</sup>.

Since December 2008, RMS, and the Department of Transport before it, has issued only 11 new unrestricted taxi licences outside Sydney. Over the same period, it issued 31 additional WAT licences in those areas. This represents average growth in all licences of 0.5 per cent per year. Demand for point to point services grew by an average of around 1 per cent per year over the period<sup>95</sup>.

In a recent review, IPART found the high cost of obtaining a taxi licence in some areas outside Sydney is a significant barrier to the entry of new taxi operators. IPART also expressed concern that there is a lack of transparency in the process for determining the fee for new licences outside Sydney. IPART recommended that TfNSW reform taxi licensing arrangements outside Sydney to reduce barriers to entry for new taxi businesses and allow the supply of taxis to better match the demand for their services<sup>96</sup>.

While IPART called for the reform of licensing arrangements outside Sydney it noted that an annual determination of additional licences may not be the most appropriate process for issuing new licences for all areas because determining a suitable number of licences requires good information about changes in customer demand for taxis service which may not be available in all areas<sup>97</sup>.

More information on taxi licensing arrangements is provided at Appendix 2.

### Impacts of restricted supply and high taxi licence values

The restricted supply of taxi licences has led to higher waiting times and higher fares for customers than would otherwise be the case. A recent customer survey found that many customers are unable to get a taxi when or as fast as they would like to<sup>98</sup>.

Customers have also expressed dissatisfaction with taxi fares<sup>99</sup>. Historically fares have been adjusted to take account of increases in licence values. This has primarily been to the benefit of licence owners, with very little or no increase to the low level of taxi driver earnings<sup>100</sup>.

#### Discussion point 15

Should the government manage the supply of taxi services?

If so, how should they be restricted (for example, through a cap on the number of taxis allowed to operate)?

Should there be different arrangements outside Sydney?

91 IPART, Sydney taxi fares to apply and new licences to be released from July 2015 – Final Report, February 2015.

92 RMS data

93 [TfNSW, 2015/16 Annual Taxi Licence Tender Preliminary Result](#)

94 RMS data covering January 2014 to July 2015.

95 IPART, Review of taxi fares outside Sydney to apply from July 2015 – Final Report, June 2015.

96 IPART, Review of taxi fares outside Sydney to apply from July 2015 – Final Report, June 2015.

97 IPART, Review of taxi fares outside Sydney to apply from July 2015 – Final Report, June 2015.

98 Taverner Research. Survey of Taxi Use, December 2104.

99 Taverner Research. Survey of Taxi Use, December 2104.

100 The CIE, 2014 Survey of taxi drivers and operators – Final report, December 2014.

## Licence operating areas

Taxi and hire car licences may specify the area of operation. Typically, the licensed area of operation corresponds with a transport district, town boundary or local government area. There are 175 taxi operating areas in NSW, including the Metropolitan Transport District (Sydney), Newcastle Transport District and Wollongong Transport District.

Some operating areas, including the Metropolitan Transport District, no longer reflect the urban footprint that existed when licences were first issued for the area. This creates complexities for passengers or drivers. For example, the boundary of the Metropolitan Transport District follows the Nepean River. If a passenger wants to travel across the river – say from Penrith to Emu Plains – the driver can charge more than the metered fare, although the amount must be agreed between the driver and the passenger before the journey starts.

Many of the operating areas outside Sydney overlap which also add to the complexity of licensing arrangements. IPART suggested that the existing operating areas could be reclassified into broader zones so that different fare schedules could apply and so that the supply of existing licences can better respond to fluctuations in the demand for services<sup>101</sup>.

### *Regulation of areas of operation in other jurisdictions*

As part of its recent reforms, Victoria has moved to have taxis and hire cars operate in different zones, with boundaries around the greater metropolitan area, further urban zones around larger cities, regional zones around regional centres and a further “country” zone covering the rest of the state<sup>102</sup>. In New Zealand, there is no regulation of the areas in which taxis can operate<sup>103</sup>.

#### **Discussion point 16**

Should there be any restrictions on where taxis can operate? If so, how many taxi and hire car operating areas are required across NSW and why? What are the options for broader operating zones?

## Supply of hire car licences

The number of ordinary hire car licences across NSW remained static at around 240 between 1965 and 1999<sup>104</sup>. As for taxis, the 1990 Act made hire car licences available on demand at the “current market value”. High licence values made it uneconomical for hire car operators to put on more services.

In the early 2000s, the hire car industry in Sydney was partially deregulated. Hire car vehicle standards were relaxed and the price for a short-term (non-renewable, non-transferable) hire car licence was halved and fixed at \$8,235 per year. The taskforce has heard that the then Government told licence owners that the licence fee for hire cars would be reviewed after a year.

These changes prompted new entrants to the hire car industry. The number of hire car licences in Sydney increased from just over 600 in July 2004 to over 1,600 in July 2015 (an increase of 175 per cent)<sup>105</sup>.

However, the reforms were not extended to areas outside Sydney. Most hire car licences outside Sydney are short-term licences and have been issued for an annual fee of \$3,000. As the majority of hire car licences in NSW are now short-term non-transferable licences, there is little incentive for people to treat hire car licences as an investment.

However, ordinary licences are still available at current market rates. As for taxi licences, IPART has flagged that where the current market value of a hire car licence is high, this may be a barrier to the entry of new hire car operators<sup>106</sup>. More information on the current hire car licensing arrangements is provided at Appendix 2.

#### **Discussion point 17**

Should the Government manage the supply of hire car services? If so, on what basis?

101 IPART, Review of taxi fares outside Sydney to apply from July 2015 – Final Report, June 2015.

102 [Victorian Taxi Services Commission, Taxi and hire car zones](#)

103 Information provided by the New Zealand Transport Agency.

104 IPART, Review of the Taxi Cab and Hire Car Industries – Final Report, November 1999.

105 Data from RMS and TfNSW.

106 IPART, Review of taxi fares outside Sydney to apply from July 2015 – Final Report, June 2015.

## Impact of changes to the regulatory framework on existing investment in the industry

The Government has asked the taskforce to consider and make recommendations on the impact of existing investment in the point to point industry and possible mechanisms to deliver an industry adjustment package, if necessary.

As described above, taxi licensing arrangements have led to a situation where it is very expensive to obtain a taxi licence in most parts of NSW. This means that many people have invested substantial amounts of money in taxi licences (although many licence owners have paid nothing at all for their licence), with no obvious benefit to the industry and significant additional cost to customers. This may also be the case for hire car licences in some areas outside Sydney.

It is possible that if the Government decided to make changes to the regulatory framework, there could be an impact on the value of taxi licences depending on how the industry responds. If this is the case, the Government may also decide to offer financial assistance to licence owners through an industry adjustment package. At this stage, the taskforce is unable to say what the likely impact of any change would be.

The taskforce notes that in other jurisdictions where changes have been made to the regulatory framework which had some effect on existing investment in taxi licences, governments have taken various approaches. For example, some have offered no financial assistance and others have established hardship funds.

### Discussion point 18

At this stage, it is too early for the taskforce to say what the likely impact of any change would be, so detailed consideration of any possible adjustment package is not possible.

Nonetheless, the taskforce invites comment on whether industry adjustment assistance should be considered, and if so, how it might be structured.

## Compliance and enforcement

RMS has primary responsibility for managing compliance with, and enforcement of, the 1990 Act.

The 1990 Act allows RMS to appoint staff members (and other people) as “authorised officers”. NSW Police also have authority to enforce passenger transport laws. Authorised officers legally have the power to exercise various functions of RMS under the 1990 Act.

These include the power to issue fines, demand information, enter premises and seize information or equipment, inspect vehicles and equipment, as well as conduct audits and investigations. RMS can also apply to a court for a search warrant in cases where notifying a person of an inspection would compromise an investigation.

RMS uses various tools aimed at ensuring compliance with the law, including education, warnings, fines, non-compliance notices and prosecution. Finally, they can exclude people from participating in the industry through cancelling an authority or an accreditation. People are able to appeal against fines and respond to prosecutions in court and appeal to the NSW Civil and Administrative Tribunal about RMS’ decision to refuse, suspend or cancel an authority or accreditation.

Non-compliance notices are generally used for faulty equipment in vehicles (for example, the security camera in a taxi) and, in serious safety situations, prevent the vehicle from being used to provide services until the equipment complies with the requirements of the law.

Less serious offences are usually dealt with through warnings and on-the-spot fines. The penalty amounts for these vary between \$75 and \$5,000 (for example, for touting at Sydney Airport). More serious offences are generally dealt with by prosecution or action being taken against the authority or accreditation. Offences that are dealt with by prosecution have much higher maximum fines since they can be imposed by a court. For example, there is a fine of up to \$110,000 for operating a hire car service without appropriate accreditation.

Cancellation of an accreditation or an authority is used in cases of serious non-compliance with conditions (for example, having a cancelled driver licence) or where there are persistent patterns of poor behaviour (presented through multiple customer complaints, for example).

### The co-regulatory role of taxi networks

The 1990 Act gives taxi networks some ability to ensure compliance with service standards. They are permitted to have rules (by-laws) to monitor and supervise taxi operators and drivers in order to ensure networks can comply with taxi network service standards set by the Government. These standards, described earlier, relate to safety (cameras and vehicle tracking), consumer protection (meters and fares) and quality (such as response times for bookings, complaints handling and uniforms).

The network’s rules may impose measures (for example a penalty, suspension, direction to undergo retraining) for any breaches of the by-laws, and an appeal mechanism. A taxi driver is obliged to observe the rules and comply with all reasonable requests of the network in relation to the provision of taxi services.

This approach has parallels with the self-regulatory features of ridesharing – that is the customer and driver ratings systems and the potential for removal from the platform of both customers and drivers who fall below a certain rating.

The taskforce has heard from various networks around NSW about different rules they have in place – such as requiring drivers to take a Monday or Tuesday night shift if they also want to drive on a Saturday night, or putting their own training in place for drivers. These initiatives have positive outcomes for customers and should be encouraged. Indeed, IPART’s 1999 inquiry recommended that taxi networks be given greater control over driver and operator performance and standards<sup>107</sup>.

The taskforce has also heard from stakeholders that in Sydney, where there are a several networks, operators and drivers who do not comply with one network’s rules then seek work from a different network, where they do not face the same level of scrutiny. It was suggested that as the business model of Sydney taxi networks is focused on revenues from taxi operators, they neglect to adequately supervise the services provided by drivers and operators in order to meet their obligations under the standards.

Consequently, despite this co-regulatory role of networks, the task of monitoring and enforcing taxi drivers’ compliance with the service quality requirements has largely fallen to RMS. Since the 1990 Act came into force, the regulator has not taken any significant action against networks for a failure to meet taxi network standards. It may be that this has contributed to the current situation where taxi networks may not be adequately enforcing network by-laws and standards.

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<sup>107</sup> IPART, Review of the Taxi Cab and Hire Car Industries, Final Report, 1999.

## Difficulties with enforcement of the current regime

The powers of RMS' authorised officers in relation to point to point transport providers were not thoroughly examined or amended since their commencement until the 2014 Act, which is mostly not yet in force. When the 2014 Act was being developed, ridesharing was only just starting to emerge in Sydney, and it was not clear how significant an enforcement issue it presented for RMS.

The taskforce has been advised that one difficult issue encountered by RMS is that there is nothing in the 1990 Act which makes it an offence for a person to facilitate an offence against the Act by another person. This means that while rideshare drivers are committing offences, rideshare companies that connect customers with rideshare drivers may not be in breach of passenger transport law.

The current provisions are aimed at managing enforcement and compliance of accredited operators of licensed taxis and hire cars which are driven by authorised drivers. Penalties for breaches are typically centred on the accreditation and authorisation regimes – that is, RMS can vary, suspend or cancel an operator accreditation or driver authority where a person is found to be acting in contravention of passenger transport law.

The potential consequence for existing taxi and hire car drivers and operators of no longer working in the taxi or hire car industry is much more significant than incurring a fine for breaching the law. Therefore, the current provisions and penalties in the 1990 Act are not aimed at, and do not effectively capture, ridesharing participants.

RMS has issued on the spot fines to UberX rideshare drivers, but it is understood that these fines have been paid by Uber. Further, because the platform requires people to register a phone number and a credit card, RMS officers' efforts to conduct enforcement activities were hampered because they were blocked by the app provider. This makes ongoing enforcement time-consuming and expensive.

RMS attempted to prosecute 24 rideshare drivers for offences under the legislation but had to withdraw the cases due to evidentiary issues<sup>108</sup>. It has advised the taskforce that it had difficulty obtaining information to support its case because much of the information held by Uber is located on servers offshore.

Because the current regime does not provide powers that deal effectively with these changes in technology, nor with multinational companies of the size and complexity of Uber, there have been calls to strengthen enforcement capabilities and for alternative approaches for dealing with these issues.

For example, it has been argued by stakeholders, in order to better target non-compliance by drivers, there should be a focus on penalties associated with driver licences– such as demerit points and suspensions and cancellation of a driver licence in severe cases.

It has also been suggested that RMS be given the authority to seize a vehicle that is being used to provide an unlawful public passenger service. The New York City Taxi and Limousine Commission, for example, has this power, and between April and June 2015 is known to have seized 496 vehicles owned by Uber drivers who were found to be touting for business or accepting street hails<sup>109</sup>.

In relation to targeting companies providing bookings for point to point transport, where ridesharing has been regulated, fines for non-compliance with requirements are much higher than those currently available under NSW passenger transport laws. For example, in California, Uber was recently fined US\$7.3 million for failing to provide information to the regulator, and was told that if it did not pay the fine (or successfully appeal against it) then it would be suspended from operating.

### Discussion point 19

The taskforce seeks comment as to what an appropriate compliance and enforcement strategy should be. For example, what kinds of activities should be the focus of the regulator, and which entities should be the focus of compliance activities?

How might compliance and enforcement powers and penalties be adjusted to better reflect any new compliance strategy?

Are there any new powers that the regulator should have?

Should there be any change to the penalties?

How could co-regulatory and self-regulatory approaches be better applied?

<sup>108</sup> TfNSW, [Ride share drivers targeted in compliance operations, 30 July 2015](#)

<sup>109</sup> [New York Post, 496 Cars Seized Amid Crackdown on Illegal Pick-ups, 16 June 2015](#)

# Appendix 1 – The taskforce’s Terms of Reference

## Context

The way that customers access the point to point transport market, and the competitive forces within it, have changed over the past decade and a half. The taxi industry in NSW is under increasing pressure from these changes, including the deregulation of hire cars over a number of years, the increasing prevalence of courtesy buses and the funding of community transport, particularly in regional areas.

The high regulatory costs the taxi industry face compared to its competitors, combined with new business models in the market mean that the current taxi industry model will struggle in the long run, if changes are not made to create a level playing field and ensure a viable and sustainable future.

In addition, the widespread availability of mobile devices with GPS capability and 4G networks in Australia has led to innovation in the delivery of passenger transport. In recognition of the customer benefits of this technology, the Government has already moved to permit independent taxi booking apps, which allow customers to book a licensed taxi without having to contact an established taxi network.

However this technology has also led to participation in the market by people using their own private vehicle to provide commercial passenger services, known as ridesharing.

Ridesharing services are operating contrary to the *Passenger Transport Act 1990* which requires that services provided to the public for a fare or other consideration must be provided by an accredited operator, and that the driver of the vehicle must hold an appropriate driver authority. In the case of services provided in small passenger vehicles, the service must be provided in a licensed taxi or hire car.

While enforcement action is being taken by Roads and Maritime Services, participation in this market appears to be growing quickly. In the first year of operation, a ridesharing platform provider claims it has close to 2,500 rideshare drivers, this compares to around 18,000 taxi drivers in Sydney, and around 24,000 Statewide.

This raises a range of issues for government, particularly in relation to the safety of customers. The NSW Government has established a taskforce to review issues relating to the impact of technological change on the regulation of point to point transport and to provide advice to the Government on a way forward.

## Terms of Reference

In light of the impact of technological change on the point to point transport market, the inquiry is to consider whether there should be any change to the regulatory framework in NSW, with the aim of maximising customer outcomes and economic productivity.

The inquiry should consider and make recommendations to the Minister for Transport and Infrastructure covering the following areas:

- the safety and security of customers and drivers
- the sustainability of commercial passenger transport
- economic productivity, consumer protection and the availability of appropriate services for people with a disability and other groups facing transport disadvantage
- efficient and effective administration and enforcement of passenger transport legislation and minimising the regulatory burden on industry
- the impact on existing investment in the industry, and possible mechanisms to deliver an industry adjustment package, if necessary
- any other relevant matters.

The inquiry will report to the Minister for Transport and Infrastructure by October 2015.

## Appendix 2 – Taxi and Hire Car Licences

All taxis and most hire cars must be licensed in accordance with the 1990 Act. Hire car services that have been restricted to providing services for school formals, weddings and funerals have been exempted from the requirement for the vehicle to be licensed<sup>110</sup>.

### Taxi licences

#### Operating areas

A licence may specify the area of operation. Typically, the licensed area of operation corresponds with a transport district<sup>111</sup>, town boundaries or local government area.

A taxi may ply and stand for hire in its licensed area of operation, must accept hirings for travel within the area of operation, may accept hirings from this area to a place outside the area, and accept bookings outside the area for travel into the area. A taxi can carry passengers between two points both outside its area of operation, only if the destination is outside the area of operation of any other taxi.

If the licence does not specify an area, the taxi may be used to carry passengers anywhere in NSW. A licence does not confer on any person an exclusive right to operate in the area of operation specified in the licence. A licence is also subject to conditions imposed by the regulations and any additional conditions imposed by RMS.

#### Licence categories

There are three categories of taxi licence recognised in NSW legislation: annual licences, short-term licences and ordinary licences. These licences vary by licence term, whether they can be transferred between owners and whether there are new licences available (see table 5).

**Table 5: Taxi licence categories**

|                            | Licence term   | Transferable or non-transferable | New licences                  |
|----------------------------|--|----------------------------------|-------------------------------|
| <b>Annual licences</b>     | Renewable up to 9 times (for a total term of ten years)      | Non-transferable                 | Available in Sydney only      |
| <b>Short-term licences</b> | Must not exceed 6 years and cannot be renewed                | Non-transferable                 | Available outside Sydney only |
| <b>Ordinary licences</b>   | Term set by RMS but can be effectively renewed in perpetuity | Transferable                     | Available outside Sydney only |

#### Obtaining a licence

There are currently three ways for a person seeking to enter the taxi industry in NSW to obtain a licence. A licence may be:

1. granted on application and payment of the required fee to RMS, or
2. bought on the secondary market; or
3. leased directly from an owner or sub-leased.

<sup>110</sup> NSW Government, NSW Government Gazette No.143, Official Notices, 21 September 2001.

<sup>111</sup> There are three Transport Districts – the Metropolitan Transport District, Newcastle Transport District and Wollongong Transport District.

## **New annual licences (Sydney only)**

Each year, TfNSW is required to determine before 31 March, the number of annual taxi licences other than WATs to be released in the following financial year. In making this determination, TfNSW is required to consider the following factors:

- likely passenger demand and latent demand for taxi services
- the performance of existing taxi services
- the demand for new taxi licences
- the viability and sustainability of the taxi industry
- any other matters TfNSW considers relevant, having regard to the objective of ensuring improved taxi services.

RMS conducts licence tenders via a “pay as bid” sealed tender. This means that RMS invites applicants to submit sealed bids for the available licences. The highest successful bidders pay the amount as bid for the licence<sup>112</sup>. TfNSW publishes successful bid values so as to better inform the industry about current prices<sup>113</sup>.

In the most recent tender, the average bid price was \$28,000 for an unrestricted licence, \$15,700 for a peak availability licence and \$17,600 for a fringe area licence (Richmond/Windsor area)<sup>114</sup>.

In Sydney, all new WAT licences are annual licences. There is no limit on the number of annual WATs and they are available for an annual fee of \$1,000.

## **New short-term licences (outside Sydney only)**

New short-term taxi licences are available on application to RMS. There is no regulatory cap on the number of short-term licences.

The fee for a short-term licence is an amount determined by TfNSW<sup>115</sup>. Currently, the annual fee for a short-term taxi licence is set at 14 per cent of the current market value of an ordinary licence on the open market for that area of operation.

There are only 20 short-term taxi licences currently on issue.

## **New ordinary licences (outside Sydney only)**

New ordinary taxi licences are available on application to RMS. There is no regulatory cap on the number of ordinary licences.

The licence fee for new ordinary licences must be determined by:

- inviting applicants for the licence to bid for it at a public auction or to submit sealed tenders for it; or
- using such other method chosen by TfNSW as will, in TfNSW’s opinion, yield as the fee for the licence an amount equivalent to its current value on the open market.

The current practice for pricing new ordinary licences is described below:

1. The market value of a licence in a particular area of operation is determined having regard to recent licence sales in that market. However, this method is only used where there has been at least three recent licence transfers on the secondary market in the last three years which are not the subject of gaming (that is, sold between close associates for more or less than market value) and where the most recent completed sales do not vary by more than 15 per cent.
2. Where there are no recent sales of licences in a region, the market value of a licence is determined by asking the operators in that area of operation to provide industry information about their business. This information is treated as strictly confidential and is analysed to determine the average revenues per vehicle and to determine the estimated market value of a licence.
3. Where there are no recent sales of licences in a region and where an operator is unable to provide sufficient information upon which to calculate a market value then market value is determined by conducting an open bid tender. The open bid process is used to value the licence and not to issue the licence. Once the market value is determined, based on the results of the open bid process, the licence is offered to the applicant at that price.

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<sup>112</sup> [TfNSW, Taxi licences background](#)

<sup>113</sup> [TfNSW, Previous annual taxi licence determinations and releases](#)

<sup>114</sup> [TfNSW, 2015/16 Annual Taxi Licence Tender Preliminary Result](#)

<sup>115</sup> *Passenger Transport Act 1990*, ss.32J, 39J

- Where there are no existing licences in a region then market value is determined by conducting an open bid tender. The open bid process is used to value the licence and not to issue the licence. Once the market value is determined, based on the results of the open bid process, the licence is offered to the applicant at that price.

### Leasing and purchasing existing ordinary licences

Existing ordinary licences are transferable and are readily traded. Annual, short-term, and ordinary licences may also be leased.

## Hire car licences

### Operating areas

A hire car may accept a hiring for a journey within its licensed area of operation and may carry a passenger from outside its area of operation to a place within the area. If no area is specified, the hire car may provide a service anywhere in NSW. As with a taxi licence, a hire car licence does not confer on any person an exclusive right to operate the service in the area of operation specified in the licence.

### Licence categories

There are two categories of hire car licence recognised in NSW legislation: short-term licences and ordinary licences. These licences vary by licence term, whether they can be transferred between owners and whether there are new licences available (see table 6).

**Table 6: Hire car licence categories**

|                            | Licence term   | Transferable or non-transferable | New licences         |
|----------------------------|--|----------------------------------|----------------------|
| <b>Short-term licences</b> | Must not exceed 6 years and cannot be renewed                | Non-transferable                 | Available across NSW |
| <b>Ordinary licences</b>   | Term set by RMS but can be effectively renewed in perpetuity | Transferable                     | Available across NSW |

## Obtaining a licence

Most operators seeking to provide hire car services will obtain a licence on application and payment of the required fee to RMS. There is very little purchasing or leasing on the secondary market because:

- most licences on issue are short-term licences and are not transferable
- there are no restrictions on the number of licences so there is little incentive to lease a licence from a third party when a new short-term licence can be obtained directly from the Government.

### New short-term licences

New short-term taxi licences are available on application to RMS. There is no regulatory cap on the supply of short-term licences.

The fee for a short-term licence is an amount determined by TfNSW. In Sydney, the annual fee for a short-term hire car licence in Sydney is \$8,235 per annum.

Outside Sydney, the annual licence fee for a short-term hire car licence is set at the Commonwealth Government 10-year bond rate multiplied by the current market value of an ordinary licence on the open market for that area of operation.

### New ordinary licences

New ordinary hire car licences are available on application to RMS. There is no regulatory cap on the number of ordinary licences.

The process for determining the fee for a new ordinary hire car licence is the same as the process for determining the fee for a new ordinary taxi licence outside Sydney.

## Appendix 3 – Hire car vehicle specifications

### Category 1

- The vehicle must comply with the Australian Design Rule definition of a Passenger Car, having a maximum of nine seats (including the driver).
- The vehicle must be a convertible, coupe, or sedan. A station wagon is not acceptable unless the vehicle is more than 30 years old.
- The vehicle must have a wheel base<sup>116</sup> of at least 2,800mm (non-stretched version) unless the vehicle is more than 30 years old.

### Category 2

- A petrol-electric hybrid powered car, with a wheel base of at least 2,700mm and a 5 star rating overall according to the Australian Government's Green Vehicle Guide.
- The vehicle must comply with the Australian Design Rule definition of a Passenger Car, having five to nine seats (including the driver).
- The vehicle must be a convertible, coupé, or sedan.

### Category 3

- The value of the vehicle (GST included) in non-stretched form exceeds the Australian Government's luxury car tax threshold applicable when the vehicle was imported into or first sold in Australia, not being before 1 July 2000.
- The vehicle must have a wheelbase of at least 2,700 mm (in non-stretched form) and comply with the Australian Design Rule definition of a Passenger Car, an Off-Road Passenger Vehicle having up to nine seats (including the driver's seat), or Omnibus having up to 16 seats (including the driver's seat)
- The vehicle must be a convertible, coupe, or sedan, station wagon, 4WD, panel van with windows and seats, bus, or small bus.

For all three categories, the vehicle must:

- be very well presented and in excellent condition, with no visible signs of damage to the paint-work, body, fittings or interior,
- not display any writing, markings, livery or décor that would represent the vehicle as a taxi-cab, bus or tourist vehicle or that the vehicle has authority to operate as a taxi-cab, bus or tourist vehicle, and
- comply with all applicable registration requirements including Australian Design Rules and safety inspections, which may apply from time to time.

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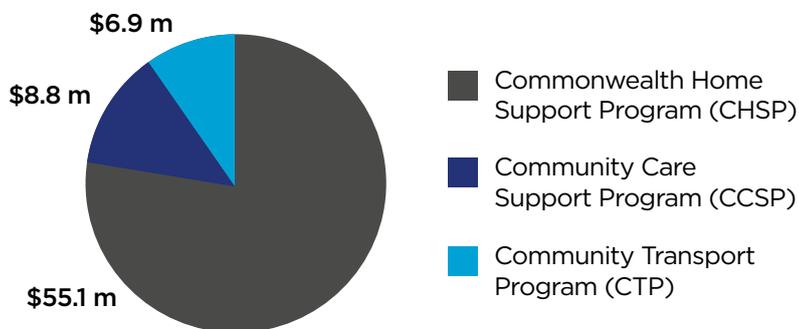
<sup>116</sup> The wheel base is the distance between the centre of the front wheel and the centre of the back wheel.

## Appendix 4 – Community transport funding programs

### Community transport programs

- Commonwealth Home Support Program Australian Government – Program to provide transport to eligible frail aged people 65 or over (or Aboriginal and Torres Strait Islander people aged 50 and over) with low care needs to help them remain living in the community.
- Community Care Support Program NSW Department of Family and Community Services – Ageing, Disability and Home Care for eligible younger people who have a permanent functional disability (and their carers) who live in the community and are at risk of inappropriate admission to residential care. This program will be replaced by the National Disability Insurance Scheme (NDIS) by 2019. NDIS participants will receive funding directly, and the Government will no longer fund community transport providers.
- Community Transport Program TfNSW – aimed at providing transport for people with physical, social or geographical factors that limit their access to mainstream transport, including people living in more remote areas, people with no access to private transport or who have a mobility disability or need to use community facilities that are not available during conventional public transport operating hours.

**Figure 3: Community transport funding**



## Appendix 5 – Industry statistics

Table 7: Vehicle licences\*

|  | Sydney    | Newcastle | Wollongong | Country   | Total NSW |
|--|-----------|-----------|------------|-----------|-----------|
| Taxis                                    | 5,917     | 175       | 136        | 1,057     | 7,285     |
| Wheelchair-accessible taxis (% of total) | 629 (11%) | 23 (13%)  | 11 (8%)    | 207 (20%) | 870 (12%) |
| Hire cars                                | 1,274     | 73        | 50         | 287       | 1,684     |

Table 8: Authorised drivers\*

|   | Sydney             | Newcastle          | Wollongong         | Country            | Total NSW |
|---|--------------------|--------------------|--------------------|--------------------|-----------|
| Taxis   | 18,851             | 708                | 481                | 3,572              | 23,612    |
| Hire cars (includes Australian Capital Territory)                   | Data not available | Data not available | Data not available | Data not available | 7,652     |
| Tourist vehicles (4WD only) (includes Australian Capital Territory) | Data not available | Data not available | Data not available | Data not available | 430       |

Table 9: Accredited operators\*

|                             | Sydney | Outside Sydney | Total NSW |
|-----------------------------|--------|----------------|-----------|
| Taxis                       | 4,339  | 876            | 5,215     |
| Hire cars                   | 3,337  | 987            | 4,324     |
| Tourist vehicles (4WD only) | 399    | 219            | 399       |

Table 10: Authorised taxi networks\*

|       | Sydney | Newcastle | Wollongong | Country | Total NSW |
|-------|--------|-----------|------------|---------|-----------|
| Taxis | 12     | 1         | 1          | 44      | 58        |

\*Source: RMS data. Correct as at 1 July 2015.

## Appendix 6 – Taxi costs and revenue

Table 11: Annual cost and revenue per standard Sydney taxi, excluding GST (\$2014)

| Category                    | \$             |
|-----------------------------|----------------|
| Driver earnings             | 58,610         |
| Operator earnings           | 2,391          |
| Fuel                        | 14,735         |
| Wash/cleaning               | 2,427          |
| Vehicle costs               | 6,999          |
| Maintenance and repairs     | 6,720          |
| Network fees                | 7,540          |
| Insurance                   | 12,918         |
| Administrative costs        | 422            |
| Rent to licence owner       | 27,315         |
| <b>Total costs/ revenue</b> | <b>140,076</b> |

Source: CIE, 2014 survey of taxi drivers and operators, February 2015.

## Appendix 7 – Stakeholders consulted

- Access Sydney Community Transport
- Albury Taxis
- Armidale Taxis
- Australian Hotels Association
- Australian Taxi Drivers Association
- Ballina Taxis
- Bankstown Canterbury Community Transport
- Batemans Bay Taxis and Braidwood Hire cars
- Bathurst Community Transport
- Bathurst Taxis
- Bay and Basin Community Resource Service
- Bega Taxis and Narooma/Bermagui Taxis and Hire cars
- Blackheath Radio Cabs
- Blacktown Community Transport
- Blue Haven Care
- Blue Mountains Aboriginal Culture and Resource Centre
- Bomaderry Bowling Club
- Bungendore Taxis and Hire Cars
- Buslines Group, Dubbo
- BusNSW
- C.ex Group
- CabCharge
- Cancer Council NSW, Tamworth
- Carers NSW
- Casino Cabs
- CD Limousines
- Central Coast Taxis
- Clubs NSW
- Coffs Harbour Liquor Accord
- Coffs Harbour Taxis
- Combined Communications Network
- Community Transport Central Coast
- Community Transport Coffs Harbour, Bellingen and Nambucca
- Community Transport Manly Warringah Pittwater
- Community Transport Northern Rivers
- Community Transport Organisation
- Community Transport Port Stephens
- Community Transport Randwick Waverley
- Community Transport Shoalhaven
- Community Transport South West
- Community Transport Tumut

- Community Transport Wollongong -Shellharbour
- Community Transport Hastings Macleay
- Community Wheels
- Council On The Ageing (NSW)
- Country Taxi Operators Association
- Darling Harbour Liquor Accord
- Dubbo City Council
- Dubbo Liquor Accord
- Dubbo Radio Cabs
- Easy Transport Manly Warringah Pittwater
- Endeavour Personalised Limousines
- Galambila Aboriginal Health Service
- GoCatch
- Grattan Institute
- GREAT Community Transport
- Gunnedah Taxis
- Gunnedah Taxis and Cabs
- Hastings Liquor Accord
- Headspace Bathurst
- HealthWISE New England North West
- Holdsworth Street Community Centre, Woollahra
- Illawarra Forum
- Independent Pricing and Regulatory Tribunal
- Information & Privacy Commissioner
- Ingogo
- Insurance Council of Australia
- Inverell Taxis
- Katoomba-Leura Radio Cabs
- Kempsey Taxis
- Kiama Cabs and Hire Cars
- Kiama Liquor Accord
- Kiama Municipal Council, Community Transport
- Kiama Transport
- Legion Taxis
- Leisure Coast Limousines
- Liquor Accord Tamworth
- Lithgow Community Transport
- Local Community Services Association
- Lyft
- Macksville Taxi Service
- Maitland Community Care Services
- Manly Warringah and Pittwater Cabs
- Manning Valley & Area Community Transport Group

- Meals on Wheels, Dubbo
- Milestone Hotel, Dubbo
- Milton Ulladulla Taxis Hire Cars & Limousine Service
- Moree Radio Cabs
- Mosman Municipal Council
- Motor Accidents Authority
- Motor Traders Association
- Nambucca Taxis
- Narooma Taxis
- Narrabri Radio Cabs
- Narromine United Services Memorial Club
- National Roads & Motorists Association
- New England Health Transport Unit
- New Zealand Transport Agency
- Newcastle Hire Cars
- Newcastle Taxis
- Northside Community Forum
- Nowra Radio Taxis
- NSW Health, Hunter New England, Health Transport Unit
- NSW Hire Car Association
- NSW Office of Industrial Relations
- NSW Police Force, Police Transport Command
- NSW Taxi Council
- NSW Taxi Operators & Drivers' Association
- NSW Treasury
- Orange Taxis
- Oxley Community Transport
- Parkes and District Neighbourhood Centre
- Peppercorn Community Transport
- Physical Disability Council NSW
- Port Macquarie Taxis
- Premier Cabs
- Rail, Bus & Tram Union
- Roads and Maritime Services
- RRS Hire Cars and Tours P/L
- RSL Taxis
- Sector Connect
- Shoalhaven City Council
- Shoalhaven Liquor Accord
- Southern Highlands Taxis
- Spinal Cord Injuries Association
- Spring Consulting
- St George Community Transport

- St George Taxis
- St Vincent de Paul Society NSW Support Services
- Surry Hills Liquor Accord
- Swans Limousines
- Sydney Airport Cooperation
- Tamworth Business Chamber
- Tamworth Family Relationship Centre (Centacare NENW)
- Tamworth Taxis
- Taxi Service: Tweed Coolangatta
- Tenants Participation Resource Service
- The Tamworth Hotel
- Transport for NSW
- Transport for NSW Accessible Transport Advisory Committee
- Transport Workers Union
- Uber
- Unity Executive Services
- Vision Australia
- Wagga Radio Cabs
- Warrumbungle Community Care
- Western Plains Community Transport
- Wollongong City Council
- Wollongong Radio Cabs
- Youth Action

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