Inquiry into the Road Transport (Public Passenger Services) Amendment Bill 2003

Getting the Best out of the ACT Public Transport System

Report Number 24

Standing Committee on Planning and Environment

December 2003

Legislative Assembly for the Australian Capital Territory
Committee membership

Chair                   Mrs Vicki Dunne MLA
Deputy Chair            Mr John Hargreaves MLA
Members                 Ms Roslyn Dundas MLA
                        Mrs Helen Cross MLA

Committee Secretary     Miss Linda Atkinson
Committee Secretary     Ms Kerry McGlinn
Assisting Miss Atkinson Ms Judy Moutia
Administration          Ms Jolante Araszkiewicz
Resolution of appointment

The following general purpose standing committee be established and each committee to inquire into and report on matters referred to it by the Assembly or matters that are considered by the committee to be of concern to the community:

A Standing Committee on Planning and Environment to examine matters related to planning and land management, conservation and heritage, transport services and planning, environment and ecological sustainability.

If the Assembly is not sitting when the Standing Committee on Planning and Environment has completed consideration of a report on draft plan variations referred pursuant to section 25 of the Land (Planning and Environment) Act 1991 or draft plans of management referred pursuant to section 204 of the Land (Planning and Environment) Act 1991, the Committee may send its report to the Speaker, or, in the absence of the Speaker, to the Deputy Speaker, who is authorised to give directions for its printing, publication and circulation.

Minutes of Proceedings, No 2, Tuesday 11 December 2001, pp 11 to 13
Terms of Reference

Inquiry into Road Transport (Public Passenger Services) Amendment Bill 2003

On 17 June 2003, the Legislative Assembly agreed to refer to the Standing Committee on Planning and Environment, the Road Transport (Public Passenger Services) Amendment Bill 2003 for report by the last sitting day in 2003 (which is 11 December 2003).

The Committee was asked to:

(a) Undertake an analysis of the Bill in the context of the draft Sustainable Transport Plan, and to have regard to:

The role of taxis, hire cars and other small passenger vehicles in a sustainable public transport strategy;

Appropriate licensing and accreditation strategies to support that role; and

Any transitional arrangements such as compensation that should accompany any recommended changes to industry regulation.

And

(b) Investigate community service requirements including disability access and adequacy of services to parents of children under 2.

The Legislative Assembly resolved on 11 December 2003 to delete the report time of ‘the last sitting day in 2003’ and to allow the Committee to send its report to the Speaker, or in the absence of the Speaker, to the Deputy Speaker, who is authorised to give directions for its printing, publication and circulation.

1 Legislative Assembly for the Australian Capital Territory, Minutes of Proceedings, No. 60 of 17 June 2003, page 742.
2 Legislative Assembly for the Australian Capital Territory, Minutes of Proceedings, No. 86 of 11 December 2003.
Preface

Proposed Amendments to Current Legislation

According to the ACT Government\(^3\), the *Road Transport (Public Passenger Services) Amendment Bill 2003* proposes to amend the *Road Transport (Public Passenger Services) Act 2001* and the *Road Transport (General) Act 1999* to:

- Consolidate legislation for public passenger services into one Act;
- Conclude the reform of the ACT taxi and hire car industries in accordance with the Competition Principles Agreement (CPA);
- Have a strong enforceable legislative and regulatory framework that more closely reflects the views of the Independent Competition and Regulatory Commission (ICRC);
- Change the current situation from a virtually self regulating industry to one that provides that ACT Government with additional regulatory powers;
- Strengthen public safety, service quality and consumer protection by increasing the responsibilities of taxi and hire car operators;

The ACT Government claims that it will complement the legislation with regulations that will strengthen the enforcement and compliance framework and introducing changes including:

- the auctioning of taxi and hire car licences using a prescribed formula and incorporating a five year phased removal of licence quota restrictions;
- annual release of taxi licences and a ten percent release rate for hire cars to apply for the first two years (two licences per year);
- a new licensing system for hire cars, restricted hire cars, and breaches of this system;
- adequate and appropriate compensation with a return to existing licence owners the net proceeds from the sale of any new licences purchased at auction for a period of five years;

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\(^3\) Draft Road Transport (Public Passenger Services) Amendment Bill 2003 and Explanatory Statement.
• accreditation for taxi and hire car and restricted hire car vehicle operators, including tests for assessing accreditation applications and the suitability of applicants; the conduct of hire car drivers and passengers, and the requirement to display accreditation details;

• higher levels of compliance monitoring of operators;

• standards of dress and conduct for drivers and operators, as well as standards of behaviour for passengers;

• transitional arrangements for existing hire car licence holders and operators of public passenger vehicles with six to nine seats to allow for their continued operation prior to attaining accreditation;

• categories of restricted hire cars (“wedding and school formal” and “tourists Services”); and

• the staged lease of additional taxi and hire car licences.”

The Amendment Bill5 proposes:

• an integrated concept of public passenger services, including that hire car services be seen as a category of transport; and

• the accreditation of bus operators, taxi service operators, taxi networks and hire car service operators, with the intent of improving performance and standards of the public passenger services industry as a whole.

Conduct of Inquiry

The Committee received thirty-eight submissions, twenty-eight of which expressed opposition to the deregulation of the taxi and hire car industry or opening up the industry to competition. Around twenty-eight individual licensees and operators who lodged submissions, also had their views represented in submissions made on behalf of Canberra Cabs or other hire car companies. 18 percent of the submissions were from companies in the taxi and hire car business (four hire car companies), and licensees and operators in the taxi industry. The Committee received only four submissions from individuals not connected with the taxi and hire car industry, but with an interest in the transport services of the ACT.

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4 Submission No. 30 prepared by the Department of Urban Services for the Minister for Urban Services, Mr Bill Wood MLA, page 7.
5 Draft Road Transport (Public Passenger Services) Amendment Bill 2003 and Explanatory Statement.
The Committee undertook:

- two days of Public Hearings on 31 October 2003 and 7 November 2003 (see Appendix 1 for witnesses);

- extensive analysis of the thirty-eight written submissions (see Appendix 2 for list of submissions received) it received following a call for public submissions as advertised in the *Canberra Times* of 28 June 2003 and the *Chronicle* of 1 July 2003; and

- other relevant research.
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Summary of recommendations

HIRE CARS

1. The Committee recommends that the Government implement a budget financed buy-back scheme of hire car licence plates, followed by a lease scheme for the plates.

2. The Committee recommends that the buy-back scheme be accompanied by:

   • immediate adequate and appropriate compensation based on the current market value, based on recent sale prices of ACT hire car plates, or the 1997 market value of the plates as determined by the Australian Valuation Office and adjusted for CPI, whichever is the greater; and

   • a system of interim registration for hire car vehicles until the appropriate legislation is passed.

3. The Committee recommends that any legislation include a rigorous framework for enforcement of an accreditation, licensing and registration regime with penalties for operators who breach the regulations, and that the Department of Urban Services be properly resourced with appropriately trained personnel to undertake the enforcement regime.

4. The Committee recommends that the following inclusions in the legislation:

   • Ten-seat stretch limousines and vehicles with similar seating capacities to be classified as hire cars not buses with MO plates. A bus should only be 19 seats and up and that everything under that should be classified as people movers;

   • RHV nomenclature should be withdrawn and all new and existing RHV vehicles issued with ‘SV’ (special vehicle) licences;
• Special vehicle permit holders be required to display all applicable licences and permits in the vehicle at all times when it is working;

• Only one category of H licence private hire cars;

• All advertising of hire car services to include the licence and other permit numbers held by the advertiser; and

• Regulation of all hire car licences must include the appropriate insurance, a demonstrated knowledge of the streets and roads of the ACT, some elementary mechanical knowledge, first aid qualifications, and child and infant seats and restraints (on request) and compliance with any other government safety requirements.

5. The Committee recommends that that the arrangements for the Queanbeyan hire cars to operate in the ACT be formalised, but this not be restricted to any number and be subject to mutual recognition of accreditation standards in both the ACT and Queanbeyan.

6. The Committee recommends that the Government provide, within the legislative framework, regulations that will allow all potential entrants to the hire car industry to compete equitably to provide the consumer with the widest range of choice possible at the lowest possible price but within standards set in the legislation.

7. The Committee recommends that the legislation delete:

• the provisions whereby hire cars may operate as unrestricted hire cars from time to time;

• the provision for the maximum number of hire car licences to be determined by the Minister; and
• all reference to RHV’s to be replaced with provisions as recommended in this report.

**TAXIS**

1. The Committee recommends that a buy-back scheme be implemented for taxi licences.

2. The Committee recommends that the compensation for taxi licence plates to be based on the Australian Valuation Office figures for taxi licence plates current at 1 January 1997, and to include an amount equivalent to membership fee paid by licence owners to the Aerial Taxi Cabs Co-operative Society Limited.

3. The Committee recommends the establishment of a new dispatch network authority operating under the auspices of ACTION.

4. The Committee recommends that any legislation include a framework for enforcement of an accreditation, licensing and registration regime with penalties for operators who breach the regulations, and that the Department of Urban Services be properly resourced with appropriately trained personnel to undertake the enforcement regime.

5. The Committee recommends that annual and short-term periodic licences be made available to suitable and accredited persons.

6. The Committee recommends that the Government develop a transparent framework for an assured orderly release of plates so that the industry does not suffer regular investor failure.

7. The Committee recommends safety precautions for all types of passengers including babies, young people and adults are more seriously addressed.
8. The Committee recommends that to provide a better and more safe service for children under two, the number of drop off points for baby capsules be increased and that more baby capsules be available at these extra drop-off points.

9. The Committee recommends that cross border taxi arrangements, allowing ACT taxis and Queanbeyan taxis to operate in both jurisdictions continue without imposing additional regulatory costs on the taxi services, subject to mutual recognition of accreditation systems in both the ACT and Queanbeyan.

WHEELCHAIR ACCESSIBLE TAXIS

1. The Committee recommends that the wheelchair accessible fleet meets its obligation under the Disability Discrimination Act to provide equivalent services for all wheelchair users by 2007.

2. The Committee recommends that WATs be assigned to the ACTION network, that the despatch of the WATs be controlled by ACTION, and that the WATs be regularly used on low patronage bus routes to be assigned by ACTION, as well as undertaking their normal special purpose WAT services.

3. The Committee recommends that the Government use the transfer of the WATs to the ACTION network to establish conditions that will attract a second network provider to the ACT for standard cabs.

PROPOSED SOLUTIONS AND BUY-BACK SCHEMES

1. The Committee recommends that the Government immediately implements an off-budget buy-back scheme for taxi licences that will provide adequate compensation and includes a
minimum no capital loss provision and implements at the same time a budget-funded buy-back scheme for the hire car industry.

2. The Committee recommends that to ensure the success of the buy-back scheme, that current restrictions on the number of ACT taxi and hire car licences and licence quotas be removed immediately to revitalise sustainable integrated transport services for the travelling ACT public.

3. The Committee recommends that at the same time the buy-back scheme for the taxi licences is implemented the Government facilitate the establishment of market incentive for the entry into the industry of an additional despatch network.

4. The Committee recommends that the taxi buy-back scheme must be supported by an appropriate administrative framework that will:

- Ensure that it does not unduly restrict supply and entry into the industry, and allow regular release of additional licences into the industry (the actual level of take up of taxi licences would be a risk borne by the financiers);
- Agree a formula governing the release of new licences, with licence availability being linked to an appropriate measure such as the growth in passenger trips, population growth, and growth in Gross Territory Product;
- Ensure that the supply of substitute services is reviewed;
- Assure the private sector that the Government would not impose policy that would have a material adverse effect on the market for taxis and hire cars;
- Ensure that Licence Fees are set at a level which is less than eighty per cent of existing lease charges indexed to inflation and matching the revenue base of taxi and hire car operations, to enable the benefits of reform to be immediately realised (a fixed fee over the term would require a higher initial licence fee to limit the initial
benefit of deregulation although over time the benefit would become more obvious as the proportion of licence fees to revenue decreases);

- Ensure that it regulates minimum quality standards such as roadworthiness requirements, vehicle standards, driver presentation and knowledge to maintain consumer safety and consumer confidence and protect the interests of a sustainable industry;

- Ensure that the Taxi Fund would finance the compensation payable for cancellation of perpetual licences, so that it will not have to fund any capital outlay. This will ensure that funding of the taxi-plate buy-back scheme would be off the balance sheet for the Territory;

- Ensure that at the expiry of any defined term of the Taxi Fund that it would establish framework to continue to generate licence fee income for its own account at whatever level it chose; and

- Develop Guidelines for the buy-back structure and subsequent legislation.

SUSTAINABLE TRANSPORT

1. The Committee recommends that all feasibility studies for a sustainable and integrated transport system for the ACT should include Hall and outlying areas and suburbs.

2. The Committee recommends that concessions on registration should be offered to those operators who elect to use energy efficient cars, such as those with hybrid engines or those that use alternative fuels such as biodiesel.
CONCLUSIONS

1. The Committee recommends that the ACT Government should:

   • interpret ‘community wide’ as region wide because of the cross border issues with NSW;

   • work with the NSW Government to create a greater choice for consumers through a single taxi and hire car regulatory regime, as well as encouraging other network providers to come into the market;

   • apply the Competition Principles Agreement to continuously assess whether the public passenger market provides services that meet customer expectations; show evidence of a competitive, sustainable, demand responsive and adaptable industry over the long term; produces adequate job opportunities for taxi drivers and operators, and hire car operators; and

   • provide transport choices and ensure the transport system provides affordable transport and a reasonable level of equity of access to all sectors of the community.

2. The Committee recommends that the ACT needs a Road Transport (Public Passenger Services) Amendment Bill 2003, but that the ACT Government not proceed with the legislation in its current form.

3. The Committee recommends that a new Bill must be drafted to reflect an integrated sustainable transport approach, and include such changes as have been recommended in this Report, to prevent any further delay in urgently needed structural adjustment in the ACT public transport industry.

4. The Committee recommends that in the practical implementation, the final Sustainable Transport Plan for the ACT will:
a. locate ‘trip generators’ such as hospitals, schools, shops and community centres close to centres with good accessibility for public transport, walking and cycling;

b. focus jobs in centres or corridors with good accessibility;

c. facilitate mixed-use centres and housing in established houses with good accessibility;

d. ensure people have transport choice in new ‘greenfields’ housing and access to shopping and sports facilities;

e. shape parking policies to support public transport use, walking and cycling;

f. encourage job innovations to reduce the need to travel, for example telecentres or working from home;

g. match the location of freight generators to their transport needs;

h. package urban development and transport investment in identified corridors;

i. require regulation of development by the Land Development Agency and the ACT Planning and Land Authority to help manage transport demand; and

j. ensure integrated transport and land use planning and renewable and sustainable energy principles (cars are responsible for seventy-seven percent of road transport and nineteen percent of total greenhouse gas emissions in the ACT\(^6\) into decision-making.

1. Introduction

1.1 Since 1995, the ACT, like other State Governments and Territories, has been subject to the agreement between the Commonwealth, State and Territory Governments under the Competition Policy Reform Act 1995 administered by the National Competition Council (NCC). The National Competition Policy (NCP) Report on the Second Tranche Assessment, in a chapter on ‘Assessment of Governments’ Progress’\textsuperscript{7} states that ‘the objective of the NCP is not to pursue competition as an end in itself, but to boost economic performance and provide benefits to Australia. The net community benefit test covers a wide range of factors including the environment, employment, social welfare and consumer interests as well as business competitiveness and economic efficiency… it is a balance between economic accountability with social responsibility…Governments are required to assess:

- government legislation and policies relating to ecologically sustainable development;
- social welfare and equity considerations, including community service obligations; government legislation and policies relating to matters such as occupational health and safety, industrial relations and access and equity;
- economic and regional development, including employment and investment growth;
- the interests of consumers generally or of a class of consumers;
- the competitiveness of Australian businesses; and the efficient allocation of resources’.

1.2 The Competition Policy Reform Act 1995\textsuperscript{8} aims to enhance the welfare of Australians through the promotion of competition and fair trading for the consumer protection through the Competition Principles Agreement made on 11 April 1995, to which the ACT is a signatory party. The reform agenda under the Agreement implemented by the ACT Government to date is at Appendix 3.

\textsuperscript{7} Second Tranche Assessment of Government’ Progress Implementing National Competition Policy and related, Volume One, June 1999, pages 46 and 47.

\textsuperscript{8} Competition Policy Reform Act 1995, Part 2 -Amendments commencing at the first commencement time Division 1-Amendments, Section 2 of the Principal Act.
1.3 According to Clause 1 (3) of the Competition Principles Agreement, the guiding principle is that legislation (including Acts, enactments, Ordinances or regulations) should not restrict competition unless it can be demonstrated that:

(a) the benefits of the restriction to the community as a whole outweigh the costs; and

(b) the objectives of the legislation can only be achieved by restricting competition.

1.4 Given the arrangements of the ACT taxi industry, it does not appear clear if the ACT situation reflects the National Competition Council’s (NCC) definition of a market (NCC 2002 Assessment, accepted by the High Court and adopted by the Australian Competition Tribunal in the context of Part 111A of the Trade Practices Act 1974):

‘A market is the area of close competition between firms, or putting it a little differently, the field of rivalry between them (if there is no close competition there is of course a monopolistic market). Within the bounds of a market there is substitution-substitution between one product and another, and between one source of supply and another, in response to changing prices. So a market is the field of actual and potential transactions between buyers and sellers amongst whom there can be strong substitution, at least in the long run, if given a sufficient price incentive.’

1.5 Consistent with this definition of a market, the ACT taxi and hire car industry could be described as requiring further improvements in its regulatory regime to provide for:

- Greater competition amongst taxis;
- Greater competition amongst hire vehicles, as well as being able to service all purposes and events;
- Greater competition amongst wheel-chair access taxis and transparent subsidies;

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10 2002 NCP Assessment Chapter 5 Transport, pages 5.5 and 5.6.
• Improved service for wheel chair consumers;

• Greater competition between operators, with greater general opportunities for employment in the community for operators and drivers

• Increased opportunities to enter the market together with resultant improved earnings as a result of the higher entry barriers, the 24 hour 7 day booking service and network accreditation;

• Regulators being able to offset increased administration and legislation enforcement costs from receipt of licence fees;

• A higher level of choice in service, price mixes, lower fares, shorter average waiting times, higher standards of safety.

1.6 The National Competition Council advocates the immediate removal of supply restrictions, and a more gradual transition to open competition, consistent with the Competition Principles Agreement (CPA). Broad principles would indicate whether the ACT Government meets CPA obligations:

   a. A regular (at least annual) release of new licences, with sufficient new licences being released to improve the relative supply;

   b. A commitment to independent monitoring and review of reform outcomes on a regular basis and to additional action if the demand/supply imbalance is not improving;

   c. Immediate reform of the regulation of other chauffeured passenger transport providers to increase competition; and

   d. A strong commitment to a program of staged licence releases will proceed.12

1.7 This proposed Amendment Bill has been preceded by three ACT Government Inquiries into the Taxi and Hire Car industry, in 1998, 1999 and 2001. In 1998, the Standing Committee on Urban Services inquired into and reported on ‘The Need to Increase the Number of Restricted Taxi (Multicab) Plates’13. This Report focussed on:

12 Submission to Standing Committee on Planning and Environment of 3 October 2003 from the Department of Urban Services, page 15.

13 Report No. 28 of the Standing Committee on Urban Services, August 1999.
a) The provisions of transport services for students attending special schools, patients attending rehabilitation programs at the Canberra Hospital and older citizens attending day care programs at the Belconnen and Tuggeranong Health Care Centres;

b) The general operation of transport services for residents with disabilities; and

c) The Government’s community service obligation in this area.

1.8 On 20 May 1999, the Minister for Urban Services announced an independent public review 14 to progress the Government’s commitment to improve transport services in Canberra and the National Competition Principles Agreement signed by all State and Territories. This review15 was underpinned by the premise in the Agreement that legislation should not restrict competition unless it can be demonstrated that the benefits of the restriction to the community as a whole outweigh the costs; and the objectives of the legislation can only be achieved by restricting competition. The Freehill, Hollindale and Page Regulatory Group, undertook the review for the Government, examining:

a) Community demand for taxis and hire car services;

b) The impact on market entry controls on the supply of services and responsiveness to current and likely future, demand;

c) Price controls;

d) Performance standards (including licence conditions, network standards, vehicles standards, customer services and driver safety);

e) Compliance mechanisms;

f) The needs of persons with disabilities;

g) Reform directions in other Australian jurisdictions; and

h) Cross border arrangements with NSW.

1.9 The key findings\textsuperscript{16} were:

a. The principal market effected, the small commercial passenger vehicle (SCPV) transport market, appears to be segmented according to two main modes of hiring vehicle, by pre-booking a vehicle on the one hand and by hailing a vehicle from the street or at a rank on the other;

b. The legislation restricts competition in these market segments in a number of ways. The principal competitive restrictions are in the areas of constraints on supply of licences and fare regulation;

c. The legislation may contribute to Aerial Taxi Cabs Co-operative Society Limited’s monopoly in this market;

d. Of greatest impact are the constraints on supply. The review found that the licence quota restrictions do not address legislative objectives and impose substantial costs on consumers and potentially on other participants in the industry such as drivers;

e. The legislation imposes a net cost on the community known as the deadweight loss through the creation of transferable perpetual licences and concomitantly restricting the supply of licences;

f. The deadweight loss (estimated to be approximately $407,000 per annum for taxis and $55,000 per annum for hire car licence quota restrictions) and transfer of wealth from consumers to taxi licence owners and lessees and hire car licence holders (estimated to be around $5.6 million per annum for taxis and $286,000 per annum for hire cars) are primarily attributable to licence quota constraints, which inflate the value of licences; reduce potential total hirings; and raise fare levels; and

g. If maximum fare regulation is maintained, then fare methodology needs to be examined to establish more efficient pricing.

1.10 The recommendations suggested a regulatory regime, with quota restrictions; licence categories; wheelchair accessible licences; issuing licences; licences fees; licence term and transferability; reserve price for taxi licence defined rights; limits on ownership; seating capacity; service constraints; constraints on mode of hiring; airport rank; leasing; fare regulation; vehicle

\textsuperscript{16} Final Report, National Competition Policy Review of ACT Taxi and Hire Car Legislation March 2000 FRG Freehills Regulatory Group, Prepared for the ACT Department of Urban Services, pages1, 2.
standards; licence holder and operator accreditation; stringent driver
authorisation; driver conduct; taxi network contracts; cross-border issues.

1.11 Five options proposed improved competition in the market, noting that
each option would have different implications for the issue of compensation.
For instance, an immediate removal of all quota restrictions will create a
strong case for compensation of the loss of the licence value’17:

i) removal of taxi and hire car licence quota restrictions;

ii) removal of hire car licence quota restrictions with a phased increases in
taxi licences;

iii) removal of hire car licence quota restrictions with no reform to
current taxi licence numbers;

iv) phased increase in taxi and hire car licences; and introduction of an
additional category of licences to operate during peak times only.

1.12 The Committee concludes that the power of the single network
provider to influence the nature and operations of the ACT taxi industry
must be reduced. A key impediment to competition in the ACT taxi industry
is the existence of the single monopolistic despatch network. This view is
consistent with the Freehill’s report18 that found that the Government’s power
to require a taxi network communications provider to obtain a Taxi Network
Contract, or to meet taxi network accreditation, should be expressly provided
for in the legislation.

1.13 The previous Government, in its response to the Freehill’s report,
accepted that ongoing licence quota restrictions could not be justified and
announced that these restrictions were to be removed through new
transitional arrangements. This is similar to the approach proposed by the
current Government, which ‘has proposed a transitional approach that will
allow a limited number of licences to be released each year in response to
demand, and ruled out the immediate release of an unlimited number of
licences’19.

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17 Final Report, National Competition Policy Review of ACT Taxi and Hire Car Legislation
March 2000 FRG Freehills Regulatory Group, Prepared for the ACT Department of Urban
Services, page 2.

18 Final Report, National Competition Policy Review of ACT Taxi and Hire Car Legislation
March 2000 FRG Freehills Regulatory Group, Prepared for the ACT Department of Urban
Services, page 3.

1.14 On 30 November 2000, the Legislative Assembly resolved that the Standing Committee on Planning and Urban Services would inquire into and report on the *National Competition Policy Review of ACT Taxi and Hire Car Legislation*, and that the Government would not implement any changes to the hire car industry prior to the presentation of the Committee’s report to the Assembly. The Committee reported in August 2001 (Report No. 80) recommending that:

- no new hire car licences be issued;
- no new NSW hire cars be allowed to operate in the ACT apart from the three existing NSW hire cars;
- hire car driver licensing requirements be strengthened to include first aid qualifications and knowledge tests; and
- restricted hire car licences number plates be designed to reflect the restrictions specified in the licence.

1.15 By May 2001, major national reform had been implemented only in the Northern Territory, with the ACT Government considering that it would:

a) Immediately undertake removal of restrictions on supply of taxi licences;

b) Provide full compensation to licence holders to be funded via consolidated revenue or by a long-term licence fee regime.

However, the *Road Transport (Public Passenger Services) Act 2001* (effective December 2001) had been designed to strengthen public safety, service quality and consumer protection by increasing responsibilities of taxi networks and taxi operators. It was not aimed at expanding consumer choice.

1.16 The ACT is obliged to comply with the provisions of the Competition Principles Agreement and the *Competition Policy Reform Act 1995*, but the Committee believes that:

- applying purely economic rationalist market principles must be offset by careful examination of the assertions of the benefits of competition policy and its associated regulation, with appropriateness to the ACT

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community, i.e., using the public interest test for public transport policy for the ACT; and

- such an examination must transparently show what balance between service quality and entry regulation will provide best outcomes for ACT consumers, business and the environment.

1.17 The Committee maintains that lack of further structural adjustment and microeconomic reform is losing community benefits. The overall impact that might occur over the long term may include:

A. Loss of sustainable revenue base- a loss accruing to the economic base of the community (ACT Government)-from Commonwealth Government-National Competition Policy Tranche Payments:

- The Commonwealth’s 2003-2004 Budget Paper No. 3 Commonwealth–State Financial Relations publishes the following estimates of Commonwealth Payments to the ACT:

  2002-2003 National Competition Policy Payments $12.4m
  2003-2004 National Competition Policy Payments $12.5m

- The ACT Government is conscious that ‘failure to address the issue of the structural adjustment required by the Commonwealth competition reforms, ‘will most likely result in a loss in competition payments of up to $5.9 million per annum until reform is implemented”\(^\text{21}\). There is no guarantee of payments beyond 2003-2004 at this stage, as ‘under the Implementation Agreement, the Commonwealth Government undertook to make ongoing National Competition Policy Payments (NCP payments) to each State and Territory over the period 1997-99 to 2005-06, subject to that State or Territory making satisfactory progress against their NCP and related reform obligations. There are two components to the NCP payments- a guarantee to maintain the real per capita value of the Financial Assistance Grants (FAG) pool available to each State and Territory and an indexed competition payment.”\(^\text{22}\). The NCC views the ACT as having made little to no progress toward the reforms for the taxi and hire car industry, so in early December 2003, the it announced payment suspensions of $1.2 million ‘mainly because

\(^{21}\) Submission of 3 October 2003 to Standing Committee on Planning and Environment from Department of Urban Services, page 36.

of concerns that the ACT Government has not deregulated the taxi industry and pharmacies\textsuperscript{23}.

**B. Taxi and hire car licence quota restrictions—Deadweight Loss and Transfer of Wealth from the consumer to the taxi industry.**

- The Freehill’s Report concluded that quota restrictions do not serve a good purpose in ensuring the viability of operating a taxi or of balancing supply and demand. The report states that licensing is more about being ‘a mechanism which enables conditions to be imposed, and controls to be exercised, to achieve safety and service standards’\textsuperscript{24}.

- The Report refers to the ‘detriment occasioned by restricting numbers of licences...by calculating the value of the deadweight or welfare loss to society resulting from such a restriction... estimated to be a deadweight loss of around $407,000 per annum, and a transfer of wealth from consumers to taxi licence owners of about $5,642,000 per annum...utilising sensitivity analysis, the deadweight loss for a licence valued at around $260,000 and returning $26,000 per annum in lease fees, is estimated to be between approximately $387,000 and $892,000 per annum for a range of assumed demand elasticities’\textsuperscript{25}.

**C. Costs of Regulation**

- The Independent Competition and Regulatory Commission has estimated that the direct cost of regulation as reflected in the ability of plate owners to lease their plates for $26,000 per year, adds around $2.70 to an average fare of $15.17\textsuperscript{26}.

1.18 The loss to the ACT’s revenue base over the long term would include the suspension payments, the deadweight loss and wealth transfer that may have been diverted to other goods and services of more benefit to the community. The consumer is also being denied appropriate choices of sustainable transport at competitive prices. The licence owner is now stuck with devalued investment because entry to the industry is restricted; the licence owner is captive of the base fees and other charges levied by Canberra Taxi Proprietor’s Association Limited, and there is no choice of network provider, but one. The taxi industry risks becoming a mode of public

\textsuperscript{23} Canberra Times 10 December 2003 article ‘ACT losing $1.2m in Competition Payments’.


\textsuperscript{25} Op.cit page 35.

\textsuperscript{26} Ibid page 4.
transport that is pricing itself out of the consumer market and investment market and will need make realistic changes for the benefit of the consumers and those in the industry.

1.19 The Independent Competition and Regulatory Commission\(^7\) has suggested a market-deregulated model (Figure 1) that would reduce the cost of regulation to consumers who traditionally bear the costs in reduced choice in terms of service, quality, price and service options.

![Figure 1: ICRC Market-deregulated Model](image)

1.20 It would appear that the ACT situation is characterised by:

- opposition to competition because certain vested interests in the taxi and hire industry lobby to keep a tight cap on the number of licences. These restrictions have resulted in a scarcity of licences, but the five years of uncertainty has led to a significant reduction in their value;

\(^7\) Final Report Review of the future direction of the ACT taxi and hire car industry and price direction for taxi services, June 2002 Independent Competition Regulatory Commission, page 8.
- the need to provide sustainable, adaptable, demand-responsive public transport implications in the context of the ACT Government’s future final Sustainable Transport Plan;

- the requirement for the ACT Government to comply with the National Competition Council (NCC) to implement agreed reform agenda in accordance with the *Competition Policy Reform Act 1995*, so that full payments (known as tranche assessments) from the Commonwealth Government are made;

- current legislation restricts the owner of a taxi licence from owning a hire car licence…and restricts a person from owning more than two taxi or hire car licences\(^{28}\);

- all hire car work must be pre-booked except for the Canberra Airport, where they can be hailed;

- taxis being seen as an expensive form of transport,… and there is relatively little competition between buses and taxis, i.e., that they are not substitutes for each other\(^{29}\);

- long-term viability of the taxi industry depends on stimulating more competition in the ACT market place, because licence quota restrictions have resulted in a scarcity of licences. The removal of licence quota restrictions, the introduction of competition between networks, and the introduction of new and innovative customer oriented services are required;

- the strong preference for those that live in the ACT to use private transport in preference to public transport, compounded by the fact that the ‘Canberra public only makes non-regular or occasional use of taxis, with outer areas being difficult to service’\(^{30}\), and

- peaks in demand determined by Federal Parliament sitting cycles when Canberra Cabs and the hire cars pick up the overflow from ComCars of trips to and from the airport; major foreign presidential or US presidential visits; special events such as the Olympic Games, the

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\(^{28}\) Mr Brian MacDonald (Department of Urban Services) Transcript of Evidence 22 June 4 2001, and Report no. 80 The National Competition Policy review of ACT taxi and Hire Car Legislation, August 2001 (Standing Committee on Planning and Urban Services), page 12.

\(^{29}\) Submission No. 34 ACTPLA prepared submission for the Minister for Planning Mr Simon Corbell MLA.

\(^{30}\) Submission No. 13 Brian and Sheila Hodgson.
Masters Games, the World Rugby Cup; and school and university graduations.

1.21 The Committee has discerned throughout this Inquiry that there is a real distinction between the taxi and the hire car industry as both operate in ‘different’ market places. Therefore, the Committee’s approach has been to address this current inquiry around three elements:

i) The overall implications for the passenger transport industry if the Federal Government withholds the tranche payments under National Competition Policy arrangements;

ii) The specific effect on the taxi industry which operates as a collective monopoly; and

iii) The specific effect of the legislation on the hire car industry and the restricted hire vehicle (RHV) industry.
PART 1- HIRE CARS
2. Hire Cars-Overview

2.1 In the ACT, there are 22 standard hire car licences and around 30 restricted hire car licences. The latter number fluctuates from time to time. The ACT Government also allows the three hire car licensees from Queanbeyan (NSW) to operate in the Territory, so in total there are 25 standard hire cars operating in the Territory. There have been no additional hire car licences issued since 1980, well before self-government. In accordance with Motor Vehicle Registry requirements, one hire car number plate, which is not being used at present because of business reasons, has been returned to the Motor Vehicle Registry, but the plate remains the property of the licence holder. It is understood that the owner has decided not the lease the licence, as the licence holder is unable to obtain the lease price he considers appropriate. As far as the Committee can confirm, one plate is not on a vehicle, 11 plates are operated by owners, and 12 plates are currently leased by owners and operated by the lessees.

2.2 The Canberra Airport provides for a separate rank to the taxi rank for hire cars, Canberra being the only place in Australia that allows for such an arrangement.

2.3 The ACT hire car industry is a boutique industry providing niche up-market, pre-booked limousine style transportation. Unlike taxis or buses, it is not an essential transportation mode where the public is effectively captive to the industry. The use of a hire car is a discretionary decision. The Committee noted an explanation of the difference between a taxi and a hire car, from the Standing Committee on Planning and Urban Services Report No. 80 of August 2001:

‘The essential difference between a taxi and a hire car is that a taxi can rank and hail… The hire car industry generally cannot rank [though] there is an exception… at the airport… [Hire cars] are not as available, so generally speaking, if you want a hire car, you must ring and book, and make some inquiries about the service and the price. With taxis you can get one on the street, and that’s why the regulations need to be a bit stronger for consumer protection purposes, because you can’t make a reasonable inquiry at a rank about issues of price and other things relating to service.’

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31 Mr Brian MacDonald (Department of Urban Services) Transcript of Evidence 22 June 2001, and Report No. 80 The National Competition Policy Review of ACT Taxi and Hire Car Legislation, August 2001 (Standing Committee on Planning and Urban Services), page 4.
2.4 The ACT Hire Car Industry is currently structured in the following way:

- the hire car industry unlike the taxis has no centralised point of entry and consists of businesses owned by couples or moderately sized businesses in their own right;

- ‘the hire car industry: currently consists of two types of operations or operators…the licensed operators with H plated vehicles who either lease or own a plate, and other registered licensed vehicles which are not on H plates. Leasing is around about $10,000 a year, or $800 a month or if a plate is owned;

- an informal collective known as the Restricted Hire Vehicle Collective of approximately 25 luxury vehicle owners, include vehicles such as Rolls Royce, BMW, Mercedes, Lexus, Cadillac, Lincoln, unique hard and soft-top convertibles, vintage models of various types, and stretch limousines. RHV owners provide a choice of luxury vehicles not otherwise available as hire cars and only on a part-time and pre-booked availability basis;

- current legislation restricts the owner of a taxi licence from owning a hire car licence…and… restricts a person from owning more than two taxi or hire car licences, while all hire car work is pre-booked except for the airport, where hire cars can rank and be hailed; and

- ‘existing hire car legislation does not provide for an accreditation regime for operation of private hire cars or restricted hire cars and therefore no requirements for people to be assessed as a ‘suitable person’ to operate the service. There are no service standards currently applicable for hire cars, provisions for auditing operators, nor is there a regulatory regime that supports easy identification and prosecution of alleged illegal operators’.

2.5 The Limousine Industry Association confirms that ‘at the commencement of the review process in 1999, the sale of plates in the hire car industry was four to five annually from a total of 22. This was important as a means to revitalise the industry and allow existing operators to exit at a time

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33 Transcript of Evidence Public Hearing 31 October 2003, Mr Albert Trenery, President Limousine Industry Association, page 41.
34 Mr Brian MacDonald (Department of Urban Services) Transcript of Evidence 22 June 2001, and Report No. 80 The National Competition Policy Review of ACT Taxi and Hire Car Legislation, August 2001 (Standing Committee on Planning and Urban Services), page 12.
35 Department of Urban Services Submission of 3 October 2003 to the Committee, page 14.
of their choosing. However, the purchase and sale of plates came to an abrupt halt in April 2000 and there has not been a plate sold since.” The Department of Urban Services submission of 30 September 2003 shows the situation that has occurred for the purchase prices paid by Hire Car owners between 1987 and 2000 (Table 1: see Appendix 4):

2.6 The Limousine Industry Association ‘has accepted the need for change in the hire car industry and in the public transport industry generally and is prepared to work with the Government to bring about [a] change’ for a new licensing regime for public passenger services in the ACT, through:

a. Full compensation at market prices paid to owners where change affects the value of perpetual licences;

b. A privately financed buy-back of perpetual licences in the taxi and hire car industries as the basis for introducing the reforms;

c. Amendment of legislation governing the private bus operations in the ACT as part of the public passenger services reforms;

d. An enforced regulatory regime which ensures that operators do not take advantage of transitional arrangements to operate outside the spirit of the arrangements; and

e. An enforced regulatory regime to restrict the temporary licence of any small bus operator to the range of activities being performed by 6-9 seater vehicles before the new legislation becomes effective, specifically excluding hire car work. Such a restriction should include operators who were issued with MO (Motor Omnibus) plates by the Department of Urban Services after transitional arrangements come into effect.

2.7 The Committee notes the proposal in the Road Transport (Public Passenger Services) Amendment Bill 2003 to allow the Road Transport Authority to put in place formal arrangements for an ACT-Queanbeyan hire car region, similar to that provided for taxi services. The existing hire car

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36 Submission of 29 September 2003 to the Committee from The Limousine Industry Association of the ACT and Queanbeyan, representing the Chauffeured Limousine (Private Hire Cars) Owners and Operators of the ACT and Queanbeyan page 7.
37 Submission of 29 September 2003 to the Committee from The Limousine Industry Association of the ACT and Queanbeyan, representing the Chauffeured Limousine (Private Hire Cars) Owners and Operators of the ACT and Queanbeyan page 19.
38 Submission of 29 September 2003 to the Committee from The Limousine Industry Association of the ACT and Queanbeyan, representing the Chauffeured Limousine (Private Hire Cars) Owners and Operators of the ACT and Queanbeyan page 19.
arrangement has been in place for decades but is not reflected in legislation. The Committee is of the view that the legislation should not place a limit on the number of existing Queanbeyan hire cars that can be included in the formal arrangement, because this would place an anti-competitive element into the market. This would require there to be mutual recognition of accreditation between both ACT and Queanbeyan hire cars.
3. Hire Cars-Evidence before the Committee

3.1 The comments from various submissions to the Committee highlight key concerns within the industry. These are summarised as follows:

- Current arrangements incorporate plenty of competition in the taxi industry, and already provide for a high quality competitive Hire Car Industry, so these should not be changed, because to change the current arrangements will destroy current viability, competitiveness, and quality, standards, and safety regulations;

- The proposed legislation will prevent the public from hiring a chauffer driven Tarago because of poor definitions for the number of seats a vehicle has to have to define it as a small bus. The draft legislation needs to cater for six to nine seat passenger vehicles carrying out charter work, or change the minimum seating regulations so they slot into the MO plated bus category;

- Licensing, accreditation, and policing for compliance must be mandatory and cross border issues that allows the three Queanbeyan plated hire cars to operate in the ACT must be addressed before any new legislation is implemented;

- The hire car industry is already deregulated within itself due to a number of issues, with other licence categories being able to perform what was essentially hire car work. For example MO plates, small buses, Queanbeyan plates operating in the ACT, illegal operators that are not being policed. There needs to be a level playing field for all and this can only be achieved by a full buy-back of hire car plates;

- Consumers are not being served because three of the five RHV stretch limousines have already exhausted the quota test and are now prohibited from supplying any services other than weddings and school formals until 1 January 2004, and so will not be available to consumers through the festive season. The two remaining RHV limousines are likely to be out of quota soon, and only two stretch limousines will remain to supply transport services to ACT;

- A stretch limousine should not be classified by the number of seats it contains-it should be a hire car whatever number of seats it has;

- The total lack of enforcement of the regulations applying to illegal hire cars operating by the Road Transport Authority with evidence suggesting that not one person has been served with an infringement
notice or fined since the deregulation review commenced (over 4 years)
despite the Limousine Industry Association having provided
numerous pieces of evidence to the Department of Urban Services.

3.2 Many believe that the amended legislation will be counter-productive
and costly for both the industry operators and the consumer. One ACT
company believes that there is the potential to destroy some local business
ventures that provide significant community benefit, because of the
unreasonable restrictions denying freely available consumer services in the
ACT. This company holds no support for a highly regulated market and
makes the point that ‘law is public interest and the public interest here
should primarily be the consumer’\(^{39}\).

Views from the Limousine Industry Association

3.3 The Limousine Industry Association of the ACT and Queanbeyan and
the Chauffeured Limousine Private Car Owners gave the Committee a range
of issues to consider:

- ‘a competitive market already exists in the ACT hire car
industry…every operator has his/her own separate business and has
some discretion in price and quality of service…strong competition
within the industry has effectively pegged prices over the last five
years with operators absorbing additional costs and has led to better
service to customers as companies for a competitive edge…the hire
car industry already has a healthy degree of competition with two
networks (one more than Canberra Cabs) and some aggressive
independents all competing for the very limited hire car dollar in a
market without price control (unlike the taxi industry)\(^{40}\);

- ‘Other than operational sort of standards, the other main concern is
what’s going to happen to the people who have paid a lot of money for
a H plate… at the moment, of the 22 ACT H plates, something like two-
thirds of them are currently leased, not operated by the owner, or the
original owner that owns the plate’\(^{41}\);

\(^{39}\) National Capital Limousines/RHVC supplementary submission of 7 November 2003 to
submission number 31.
\(^{40}\) Standing Committee on Planning and Urban Services Report No. 80 August 2001, pages 5-
6, Limousine Industry Association of the ACT and Queanbeyan, submission dated 9 March
2001; Dale Teddy (Canberra Hire Cars) submission dated 19 February 2001, Howard and
Margaret Garnier, submission dated 14 March 2001. and Margaret Garnier, submission
\(^{41}\) Transcript of Evidence Public hearing 31 October 2003, Mr Bert Trenery, page 48.
• ‘The future of the industry is a concern and the future of what happens to all these plates that are out there,... there are some people who own the plates who have retired and moved out of Canberra. And they managed to lease their plate to someone, but they really want to get rid of it. They didn’t buy it for any capital gain... $120,000 to $125,000 is around the norm, and that’s what the selling price has been over the last three or four years... It’s now around thirty-three and a third per cent or forty per cent cheaper to lease a plate today than it was four, five, eight years ago, with a lease fee at the moment between $600 to $800 per month, some less some more... the demand has diminished since the first Freehills report happened. That’s the dilemma\(^{42}\);

• ‘throughout the four years of the review of the taxi and hire car legislation, the LIA has always sought a fair and equitable solution to the problem of restrictive licence quotas and has attempted to put positive proposals to improve the hire car industry in the interests of all its stakeholders...The Government response to the NCP reviews and the current Bill before the Assembly show clearly that ACT Governments have so far attempted to use simplistic and expedient means to solve what is a very complex problem. These responses had no regard or consideration for the financial impact they would have on existing plate owners or the wider implications for the industry. These attempts have had a significant adverse impact on the hire car industry without solving the fundamental problems. The LIA believes that the Government’s Bill under review by the Committee does not address the problems created by restrictive licence quotas and exacerbates an already serious situation in the industry. In fact it does nothing to provide justice or equity to existing owners and operators, and in fact, acts strongly against their interests\(^{43}\);

• The three Queanbeyan plates that work in the ACT, have had an offer of buy-back from the New South Wales Government in the form of a share in the taxi plate. They’ve worked out a formula of what they purchased their hire car plate for and what the taxi plate was worth at the same time. Now the one thing that worries us is that it depends on the ratio in your hire car taxi plate at the time, what the relationship was at the time of purchase. They get a share in a taxi plate, they hand

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\(^{42}\) Transcript of Evidence Public hearing 31 October 2003, Mr Bert Trener and Mr Howard Garnier, pages 48-49.

\(^{43}\) Submission of 29 September 2003 to the Committee from The Limousine Industry Association of the ACT and Queanbeyan, representing the Chauffeured Limousine (Private Hire Cars) Owners and Operators of the ACT and Queanbeyan page 2.
in their hire car and in return they get an equity in a taxi plate which is based on how much they paid for their hire car plate at the time and how much the taxi plate would have been worth at the time. They can lease a hire car plate. Our concern is that the three Queanbeyan taxis have had special permission to work in the ACT, but Harold Hird said at the last inquiry, that he regarded the industry as being deregulated because the three Queanbeyan plates had been allowed to work in it all that time. …[the] concern is that a New South Wales plate, being the same registration plate as what they have, can still work in the ACT”44;

• 10-seat stretch limousines should be classified as hire cars not buses. A bus should only be 19 seats and up and that everything under that should be people movers. [This situation] has been cutting into the hire car industry for a long time’, because tourists and flight crews are now being picked up by mini buses, whereas as once there was a market here for the hire cars’45.

• The ‘category of tourist buses which are running with MO plates …don’t interfere with the hire car industry because they’re legitimate tourist operators, that’s one of the categories that the new bill is proposing. We have no problem with that…the question of small buses and charters, a few years ago DUS (the Department of Urban Services) clarified what a charter and what a tourist licence was for a small bus. That’s now been combined to tour and charter and we’ve asked DUS to clarify to us what charter actually covers, but I think we failed to get some clarification… So that’s a bit of a grey area that needs to be tidied up…because… it’s hard to know whether a small vehicle with an MO plate is doing a tourist job or any other work…in a way they are going to label the small bus as a tourist bus and have a registration on it which may continue to be MO. And therefore it doesn’t necessarily cover the situation that we have at the moment. But if in fact anyone that wants to put a vehicle on, whether it be a luxury sedan, or say an upmarket Tarago or a Chrysler Voyager and want to run it as a hire car, they certainly can and that will still provide a choice of vehicle for the consumer, but we’re saying that the people who want to do hire work should have a hire car plate on it46; and

44 Transcript of Evidence Public Hearing, 31 October 2003 Mr Bert Trenery, Mr Howard Garnier, and Mrs Laraine Stephenson, page 56.
45 Transcript of Evidence Public Hearing 31 October 2003, Mrs Laraine Stephenson, page 47 and page 52 and Mr Bert Trenery page 49.
46 Transcript of Evidence Public Hearing 31 October 2003, Mr Bert Trenery, page 42.
The hire car industry would demand compensation based on the current market value (based on recent sale prices of ACT hire car plates) or the 1997 government sale price of $60,000 adjusted for CPI, whichever is the greater.

3.4 After attempting to understand from the industry’s perspective what is different between a taxi journey, a hire car journey and the journey that someone may take in an MO vehicle for tourism, the Committee heard that that there is no difference, ‘if you exclude the type of vehicle that’s used… you can have a limousine versus a Tarago bus and there’d be a difference in the type of service you’re providing. But it gets back to this inequity that’s grown up in the industry…Hire cars in the old days performed a whole range of things from tourist work to weddings to formals to whatever. And I don’t think there was any defining difference in those days. But now there are two types of vehicles operating in the industry. Ones that are paying $150 and others that are paying something like $10,000 a year’. The Committee noted that the hire car industry appears to have accepted that because minibuses are available in the market at very low prices compared to the purchase of a hire car, and because the minibuses have a $150 entry fee, that the hire car industry has been priced out of the market for tourist work, something that was an important part of their business in times gone by. This serves to demonstrate that if everybody’s entry to the industry was on a level playing field, it then becomes a matter of the client’s choice as to which service they will use.

3.5 The main point of this view is that the consumer’s range of choice is much wider now because of the variety of vehicles that can be used. The LIA contends that everybody should compete evenly to provide the consumer with the widest range of choice possible at the lowest possible price. The issue is not the type of vehicle, rather it is the entry cost for doing a similar sort of job.

3.6 One hire car company already sees itself as competing with the taxi industry. C-B-D Chauffeured Transport (Dallarooma Pty Ltd) have what was described as a mini taxi service operating in the ACT, which is an alternative taxi network even though there are only a few vehicles participating. Since 1997 the company has had three hire cars and two mini-buses, it has steadily grown and is now the largest combined hire car and bus operator in Canberra. The fleet consists of seven hire cars, one stretch limousine, three small passenger vehicles, four light buses and two medium buses, a

47 Transcript of Evidence Public Hearing 31 October 2003, Mr Howard Garnier and Mrs Laraine Stephenson pages 42-47.
combination that nobody else in the ACT has. The company leases all of its plates\textsuperscript{48}, so there would be little difference to the company if it leased licence from private individuals or from governments. The only difference would be that the government would set a value on licences at probably a lower level than what is paid now. C-B-D Chauffeured Transport offers a particular service but it does compete with taxis in that sense of people looking to hire a vehicle to get them from one place to another. The company uses a two-way radio system for communication between the office, cars and between cars. If the taxi industry was deregulated and there were an increased number of taxis running at a lower fare to meet market demand, C-B-D would see that as not impacting on its business, because the fleet is diverse.

**Restricted Hire Vehicles**

3.7 The Restricted Vehicle Collective (RHV) believes the proposed legislation will obstruct consumer service and consumer choice. The Collective’s view is that ‘since 1994 to present date [the National Capital Limousines and the Restricted Hire Vehicle Collective] have been trying to persuade ACT Governments of both persuasions to grant consumers the ‘privilege’ of freely selecting a vehicle of their choice for their special occasion chauffeured outings, and despite many submissions and pleadings, three (3) external consultant inquiries, two (2) internal government inquiries, and three Government Standing Committee hearings at undisclosed tax payer’s expense, the consumer continues to be denied...there have been occasions when RHV vehicles have obliged the H car industry to supply additional cars for major event by using some of their RHV quotas...the proposed clause 183 [will] deny flexibility of movement to the tourist consumer who arrives at the airport or is staying in accommodation [and will] inhibit the promotion of Canberra Tourism and the economic benefit that tourists contribute’\textsuperscript{49}.

**Enforcement**

3.8 There was evidence that there is inadequate enforcement by the Department of Urban Services for RHV work being undertaken by unregistered unlicensed operators. The hire car industry in general favours regulatory enforcement regime given that many breaches reported appear not to have been investigated, or investigations appear to have been minimal. This view was confirmed in one instance by a letter received by the

\textsuperscript{48} Transcript of Evidence 31 October 2003, Public Hearing, Mr David Willetts, page 33.

\textsuperscript{49} Submission of 30 September 2003 to Assembly Standing Committee-National Capital Limousines and Restricted Vehicle Collective, pages 5 to 7.
Committee in respect of hire car licences, specifically a case being undertaken by Rod J Barnett and Associates.\textsuperscript{50}

\textsuperscript{50} Letter of 10 December 2003 to ACT Department of Urban Services from Rod J Barnett and Associates, Barristers and Solicitors-tabled to Committee by Mrs Helen Cross MLA with permission of Rod J Barnett and Associates.
4. **Hire Cars-Conclusions**

4.1 The 2003 Amendment Bill moves from service quality to a regulatory environment for hire car services in the ACT, through accreditation and transparent definitions for hire cars and restricted hire vehicles. The Amendment legislation proposes:

- to delete the provisions whereby hire cars may operate as unrestricted hire cars from time to time, and to delete the provision for the maximum number of hire car licences to be determined by the Minister;

- a system of licensing hire cars and restricted hire cars, and action that may be taken for breaching the licence conditions (this will address an issue that was of some concern during the 2001 Committee Inquiry) ‘Despite ongoing requests over many years from the hire car industry to Department of Urban Services to enforce the legislation and regulations relating to hire cars generally, that has not occurred... [in relation to] RHVs operating outside the conditions of their licence and illegal operators...’\(^{51}\) ‘...the only thing that needs attention is the flaunting of the rules regarding RHVs’\(^{52}\).

4.2 The Committee acknowledges the malaise that has affected the hire car industry over the past four years, and believes it is now at a point where it is terminal. It is clear that the hire car industry would benefit from regulation and accreditation and a buy-back scheme with appropriate and adequate compensation. In the interests of productivity, the ACT Government should agree to a buy-back scheme. Such a scheme would not be beyond the funding capacity of any ACT Government, as it would only cost approximately $2.6 million to buy-back the hire car plates. This should represent a significant step toward implementing the national competition policy and so influence the Federal Government to not with hold tranche payments Government. There is likely to be a small recurrent revenue stream accruing to Government following the implementation of the buy-back scheme, as plates move within the market.

4.3 The Committee feels that the buy-back scheme should be accompanied by a system of interim registration for hire vehicles until the appropriate legislation is passed in the Assembly.


4.4 The Limousine Industry Association accepts change to a new licensing regime through a buy-back proposal either through a commercially funded buy-back or a government one, to restart the industry on a lease basis. The LIA wants to ensure that no one really loses because the government sold those plates originally as a business and people paid tax on it as a business, a business tax. And the minimum legislated price was $60,000 back in the mid ‘80s, so $120,000 or the value today which is probably around that figure. A new model should provide ‘for a reformed competitive industry for the future, that would increase the number of plates. If the government had a lease fee, it could regulate it so that it has some control over the number of plates in the system without actually putting a limit on them’, acknowledging that at present the hire industry has no centralised despatch network. In the hire car industry, there are ‘two major companies, one being CBD and the other being Canberra Hire Cars and the others are all very much independent, who operate over mobile phones’. However the new legislation should formally include formal recognition for the operation of the Queanbeyan hire cars in the ACT.

4.5 The Committee believes that consumers should have a broader choice of service and the privilege of selecting a vehicle for chauffeured occasions. This raised the issue of definitions in the legislation because hire cars can vary greatly in type, and the number of categories of hire car to allow equitable competition between licence holders. To streamline the market both from an entry and exit perspective, the Committee believes that the ACT needs only one category of professional hire car licence but with a provision for a special vehicle category to replace the current RHV category. This would provide for:

- ‘H’ licensed private hire car activities to be unrestricted; and

- ‘SV’ licensed private hire cars which would undertake all other hire car demand, with the proviso that these licences can only undertake prebooked work, will have no quotas on the number or type of services they can deliver, and will be prohibited from soliciting at the airport or elsewhere. The SV plates may be provided on an on-demand short-term basis.

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53 Submission of 29 September 2003 to the Committee from The Limousine Industry Association of the ACT and Queanbeyan, representing the Chauffeured Limousine (Private Hire Cars) Owners and Operators of the ACT and Queanbeyan page 19.
54 Transcript of Evidence Public hearing 31 October 2003, Mrs Laraine Stephenson, page 47.
55 Transcript of Evidence Public Hearing 31 October 2003, Mr Howard Garnier and Mrs Laraine Stephenson, page 51.
4.6 The Committee therefore concludes that the draft legislation must delete all reference to restricted hire vehicles and replace these with a special vehicle category that is allowed to operate as suggested in this report. The Committee strongly recommends that unambiguous definitions allow for:

a. Ten-seat stretch limousines to be classified as hire cars not buses with MO plates. A bus should only be 19 seats and up and that everything under that should be classified as people movers;

b. RHV nomenclature should be withdrawn and all new and existing RHV vehicles issued with ‘SV’ (special vehicle) number plates to clearly identify them in all situations; and

c. Only one category of H licence private hire car, with the rights to rank and hail at the Canberra Airport as is the case now.

Such a solution would minimise the shortfall of vehicles available during part time peak demand periods to ensure the consumer will have adequate supply and choice of innovative service. The recommendations of the Committee are as follows:

RECOMMENDATIONS

1. The Committee recommends that the Government implement a budget-financed buy-back scheme of hire car licence plates, followed by a lease scheme for the plates.

2. The Committee recommends that the buy-back scheme be accompanied by:

   - immediate adequate and appropriate compensation based on the current market value, based on recent sale prices of ACT hire car plates, or the 1997 market value of the plates as determined by the Australian Valuation Office and adjusted for CPI, whichever is the greater; and

   - a system of interim registration for hire car vehicles until the appropriate legislation is passed.

3. The Committee recommends that any legislation include a rigorous framework for enforcement of an accreditation, licensing and registration regime with penalties for operators who breach the regulations, and that
the Department of Urban Services be properly resourced with appropriately trained personnel to undertake the enforcement regime.

4. The Committee recommends that the following inclusions in the legislation:

- Ten-seat stretch limousines and vehicles with similar seating capacities to be classified as hire cars not buses with MO plates. A bus should only be 19 seats and up and that everything under that should be classified as people movers;

- RHV nomenclature should be withdrawn and all new and existing RHV vehicles issued with ‘SV’ (special vehicle) licences;

- Special vehicle permit holders be required to display all applicable licences and permits in the vehicle at all times when it is working;

- Only one category of H licence private hire cars;

- All advertising of hire car services to include the licence and other permit numbers held by the advertiser; and

- Regulation of all hire car licences must include the appropriate insurance, a demonstrated knowledge of the streets and roads of the ACT, some elementary mechanical knowledge, first aid qualifications, and child and infant seats and restraints (on request) and compliance with any other government safety requirements.

5. The Committee recommends that the arrangements for the Queanbeyan hire cars to operate in the ACT be formalised, but this not be restricted to any number and be subject to mutual recognition of accreditation standards in both the ACT and Queanbeyan.

6. The Committee recommends that the Government provide, within the legislative framework, regulations that will allow all potential entrants to the hire car industry to compete equitably to provide the consumer with the widest range of choice possible at the lowest possible price but within standards set in the legislation.

7. The Committee recommends that the legislation delete:

- the provisions whereby hire cars may operate as unrestricted hire cars from time to time;
• the provision for the maximum number of hire car licences to be determined by the Minister; and

• all reference to RHV’s to be replaced with provisions as recommended in this report.
PART 2 - TAXIS
5. **Taxis-Overview**

5.1 The ‘position with taxis has been an issue much discussed over a very long period’\(^\text{56}\). A total of 259 taxis is allowed to operate in the ACT\(^\text{57}\). Only 217 standard taxis are currently operating, in addition to 26 Wheelchair Accessible Taxis (WATs), which when not conducting WAT services can operate in the normal taxi market. Since July 2001, the 16 Queanbeyan based taxis have been allowed to operate in the ACT, although the Queanbeyan taxis do not have access to the sole despatch network in the ACT.

5.2 Around half of the 217 ACT taxi licences are leased from investors who have no involvement in the industry\(^\text{58}\). Until 1995, the number of taxi plates issued in the ACT reflected the demand for taxi services. Since 1995, successive ACT governments have not issued any standard taxi licences; fares have been regulated at the maximum; one provider of network services continues to exist; there has been little or no progress in the implementation of the reform agenda in the view of the NCC. In December 2003, the NCC suspended tranche payment to the ACT from the 2002-2003 financial year based on the NCC’s having taken ‘into account the cost to customers of sectoral inefficiencies continuing in the absence of reform’\(^\text{59}\).

5.3 The Canberra Taxi Proprietors Association Limited (CTPA) (also known as the Aerial Taxi Cabs Co-operative Society Limited) and Canberra Cabs Pty Limited (also known as Canberra Cabs) is the sole provider of taxi network booking and despatch services in the ACT. CTPA is the peak ACT body for the taxi industry, while Aerial Taxi Cabs Co-operative Society Limited, as the ultimate parent entity wholly owns Canberra Cabs Pty Ltd. The CTPA is the member of the national peak body, the Australian Taxi Industry Association (ATIA) and Canberra Cabs is a member. Canberra Cabs has a Board of seven Directors who are all elected members of the Co-operative.

5.4 Aerial Taxi Cabs Co-operative Society Limited has maintained its role as a sole provider of a despatch network since 1963. The Freehills Report found that the current legislation might be contributing to the Aerial Taxi

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\(^{57}\) Submission to the Committee by the Canberra Taxi Proprietors’ Association Limited and Canberra Cabs, Compensation Issues-The ACT Taxi industry, Professor Des Nicholls, School of Finance and Applied Statistics, Faculty of Economics and Commerce Australian National University, 24 July 2003, page 1-page 14.

\(^{58}\) Hansard Legislative Assembly Week 6 17 June 2003, Minister for Urban Services, page 1971.

\(^{59}\) Letter of 10 November 2003 to the Committee from the Chief Minister.
Cabs Co-operative Society Limited’s monopoly in the ACT market. While it may be the only provider of a network in the ACT, and has taxi operators captive to the Co-operative by virtue of the non-refundable membership fee of $25,000 and various other annual fees to access the despatch network. The Committee has been unable to definitively establish if the current arrangements constitute anti-competitive behaviour under the Trade Practices Act 1974. In addition, ‘on 11 August 2002, the radio room operations conducted by the Society were transferred to iDispatch (ACT) Pty Limited, a joint venture between the Society and Sigtec Pty Limited. Radio room employees were also transferred to iDispatch (ACT) Pty Limited on this date’. Whether or not the Society is technically a monopoly, is a complex issue because the company is operating it business in a regulated environment and there is no legislation preventing entry to the market of another network provider. It is something into which the Department of Urban Services is currently looking.

5.5 According to the CTPA, ‘drivers, licensees and lessees are not members of the CTPA as it is the peak body representing ‘associations’ in the same way the ATIA does at a national level. It is therefore Canberra Cabs that is the member of the CTPA. Canberra Cabs pays the CTPA an annual membership fee. Canberra Cabs then has two clients to whom it provides it Co-operative services, and these are the licensee members and lessee non-members. Both entities pay the same access fee for services. Each of the member and non-member operators are bailors and they bail their taxis to drivers who are bailees.’ For a licensee to be a member of Canberra Cabs, the licensee must in the first instance be a taxi plate owner and must apply to the Co-operative for membership. Membership of the Co-operative is not a prerequisite for a licensee to access to access the services of the Co-operative, but the Co-operative owns the only taxi despatch network in the ACT. Drivers must sign an agreement with Canberra Cabs as a prerequisite to accessing the Canberra Cabs radio network and abide by the Rules and By Laws of the Society. Membership of the Co-operative does bring with it voting rights and a share in any return the Co-operative may be able to obtain on its investments outside of the taxi industry. The Co-operative charges a four-weekly fee for the services that it makes available. The fee is paid by licensees or lessees and is presently $1,012 per four-week cycle or

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62 Letter of 17 November 2003 to the Committee from the Chief Executive (Mr John Muir) Canberra Taxi Proprietor’s Association Limited.
$1,113 including GST. Drivers pay nothing to the Co-operative because they are bailees of the licensee/lessees (bailors) taxi and the driver pays the bailor for the rental of the taxi.

5.6 The diagram Figure 2 illustrates the current closed market structure of the ACT taxi industry.

![Diagram of ACT Taxi Industry Structure]

Figure 2 Structure of ACT Taxi Industry

5.7 It must not be overlooked that despite the Aerial Taxi Co-operative, the ACT taxi industry consists of a mosaic of small business operators and individuals. Approximately half of the owners of taxi licences (the licensees) operate the taxi service and have a direct relationship with taxi drivers. The other fifty percent of licence holders lease the taxi licence to another person

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63 Letter of 17 November 2003 to the Committee from the Chief Executive (Mr John Muir) Canberra Taxi Proprietor’s Association Limited.
(the lessee) who operates the service...Taxi drivers (other than drivers who own and/or operate the taxi) use the vehicle under a bailee arrangement with the taxi service operator. The driver retains around fifty per cent of the shift takings and passes the remainder to the operator for the use of the taxi. The amount retained is negotiable but is understood to be historically set at fifty per cent. The driver is not paid a wage\textsuperscript{64}. According to the Chief Executive of Canberra Cabs, 'people invest capital in a taxi plate to buy a job, ...cash flow and to make some capital gain for when they exit the industry. The cash flow ...is a result of their labour input. those who lease taxi plates from a licensee are prepared to accept a lower margin on costs... the lessee is the person who is not prepared to take the risk of capital gain/loss...’\textsuperscript{65}

5.8 A licensed taxi operator in the ACT pays a non-refundable amount of around $25,000.00 to join the Co-operative, an amount that must be included in the value of a licence plate if that person ever wishes to sell that licence. In this way, membership transfers to the next license plate owner. It thus becomes a sunk cost, together with the annual network fee of $13,500. In a deregulated environment, and if other networks were established, Canberra taxi drivers would have a choice of networks as well as being able to leverage a market based price for network fees and any joining fees. Canberra consumers would also be afforded a choice of service provider. In the Canberra Cabs monopoly, this choice does not exist.

5.9 The ACT taxi industry has high infrastructure costs: the highest taxi fares and lease fees in Australia, with network fees charged by Canberra Cabs being very high compared with other parts of Australia. Table 2 provides details of the numbers of taxis in each State and territory and the numbers of networks in the metropolitan areas followed by a comparison of the high costs by comparing fares, lease fees and network fees\textsuperscript{66}, between the States and Territories and. Figures 3 and 4 are graphical representations of these comparisons.

\textsuperscript{64}Department of Urban Services Submission of 30 September 2003 to Standing Committee on Planning and Environment, pages 5 to 6.

\textsuperscript{65}Letter of 17 November 2003 to the Committee from Mr John Muir, Chief Executive of Canberra taxi Proprietor’s Association Limited.

\textsuperscript{66}Department of Urban Services Submission to Standing Committee on Planning and Environment, page 22.
Table 2: Number of Taxis and Networks

<table>
<thead>
<tr>
<th>State</th>
<th>Standard</th>
<th>WATs</th>
<th>Other</th>
<th>Total</th>
<th>Networks*</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>217</td>
<td>26</td>
<td></td>
<td>243</td>
<td>1</td>
</tr>
<tr>
<td>VIC</td>
<td>3782</td>
<td>267</td>
<td></td>
<td>4049</td>
<td>6</td>
</tr>
<tr>
<td>QLD</td>
<td>2525</td>
<td>300</td>
<td></td>
<td>2825</td>
<td>2**</td>
</tr>
<tr>
<td>SA</td>
<td>920</td>
<td>71</td>
<td></td>
<td>991</td>
<td>3</td>
</tr>
<tr>
<td>NSW</td>
<td>5541</td>
<td>376</td>
<td></td>
<td>5917</td>
<td>11</td>
</tr>
<tr>
<td>TAS</td>
<td>393</td>
<td>1</td>
<td>17</td>
<td>394</td>
<td>2</td>
</tr>
<tr>
<td>NT</td>
<td>140</td>
<td>20</td>
<td></td>
<td>160</td>
<td>3</td>
</tr>
<tr>
<td>WA</td>
<td>1142</td>
<td>81</td>
<td></td>
<td>1223</td>
<td>11</td>
</tr>
</tbody>
</table>

* Networks in metropolitan areas only

** Queensland has a system of area contracts for networks

Table 3 Comparison of Fares, Lease Fees, and Network Fees

<table>
<thead>
<tr>
<th>State</th>
<th>Fares (10km trip kilometre rate only)</th>
<th>Lease fees (average per annum)</th>
<th>Network Fees (per annum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>$13.15</td>
<td>$23,000</td>
<td>$13,350</td>
</tr>
<tr>
<td>NSW</td>
<td>$15.30 (1)</td>
<td>$22,000 (1)</td>
<td>$6,500 (1)</td>
</tr>
<tr>
<td></td>
<td>$14.10 (2)</td>
<td>$12,000 (2)</td>
<td>$10,670 (2)</td>
</tr>
<tr>
<td>NT</td>
<td>$14.70</td>
<td>$16,000</td>
<td>$10,300</td>
</tr>
<tr>
<td>Tasmania</td>
<td>$14.30</td>
<td>$9,000</td>
<td>$4,800</td>
</tr>
<tr>
<td>Victoria</td>
<td>$13.10</td>
<td>$23,000</td>
<td>$5,670</td>
</tr>
<tr>
<td>Queensland</td>
<td>$12.50</td>
<td>$22,000</td>
<td>Not available</td>
</tr>
<tr>
<td>SA</td>
<td>$12.20</td>
<td>$12,000</td>
<td>$5,360</td>
</tr>
<tr>
<td>WA</td>
<td>$11.70</td>
<td>$18,000</td>
<td>$6,240</td>
</tr>
</tbody>
</table>

1 Metropolitan

2 Country
Figure 3: Taxi fares comparison

Figure 4: Comparison of Taxi Network Fees
5.10 ‘From the 1950’s to 1973, seventy-nine transferable licences were released to industry participants, at no cost. Between 1973 to 1989, ninety-six non-transferrable licences were released in three ways:

i) at no cost and on basis of seniority in taxi industry

ii) at no cost and via ballot

iii) from 1986 at $80,000 and via ballot (8 licences only).

In 1989, ninety-six non-transferrable licences were converted to transferable licences, with $37,500 being paid as a one-off fee (under the Motor Traffic Act 1936) if the licence had been issued at no cost originally. From 1990 to 1995, forty-two licences were sold at Government auction as shown in the Table 4 (Appendix 5).

5.11 Taxi operator’s earnings are derived from taxi fares. The weighted cost index established by the Independent Competition and Regulatory Commission (ICRC) factors in the cost of leasing a licence, and for those who own the licence, a return on capital investment. The lease fee for a taxi licence comprises a significant portion of the operating costs of a taxi. The costs of registration for a taxi in ACT as opposed to leasing a taxi are (Table 5 see Appendix 6).

5.12 The ICRC in a recent fare determination, made provision for operators to cover the cost of the taxi licence through the fare. The fare determined by the ICRC is a maximum fare that is applied by all operators (whether or not they lease, purchase or own the taxi licence). For the purposes of the weighted cost index used by the ICRC, the return on investment allowed for a taxi licence is currently $26,000. There is a relationship between the taxi licence value and the $2.00 impost on taxi fares. The ICRC assessed in 2002 that the impact on taxi fares of the value of a taxi licence is $2.70, as shown in Table 6.

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67 Information provided to the Committee by the Department of Urban Services on 19 November 2003.
68 Answer of 21 November 2003 to Question on Notice placed with Minister for Urban Services on 7 November 2003 from the Committee.
Table 6 Impacts on Taxi Fares of the Value of a Taxi Licence

<table>
<thead>
<tr>
<th>Variable</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licence value</td>
<td>$260,000</td>
</tr>
<tr>
<td>Annual lease fee (return on licence)</td>
<td>$26,000</td>
</tr>
<tr>
<td>Annual hiring per standard taxi</td>
<td>9,600</td>
</tr>
<tr>
<td>Return on licence per hiring (Annual lease fee / annual hiring per taxi)</td>
<td>$2.70</td>
</tr>
</tbody>
</table>

5.13 Many taxi licence owners have borrowed to purchase their licence. The loan repayment is treated as a cost of business operations (in particular the interest paid on the loan is regarded as a business expense for taxation purposes).
6. **Taxis-Evidence before the Committee**

6.1 Representatives of Capital Airport Group\(^{70}\) presented the Committee with a strong case for the need of ‘an immediate requirement to release new taxi plates’ because the current fifteen minutes waiting time for a cab at the Airport is not suitable for the Airport. Five minutes should be the maximum time to wait for a taxi at the Airport’. Canberra Cabs contends that no additional plates are needed, because the current arrangements are limiting the level of open competition in the taxi sector, resulting in a transfer of wealth from consumers to the those owners of the taxi licences. The Canberra Airport representatives informed the Committee that:

a. an August 2003 report compiled for Canberra Airport showed that at peak times there are a total of approx 800 arriving and 800 departing passengers at the airport in one hour each workday. Since August 2003, Virgin Blue has added a further two daily return services at peak period, further increasing these numbers;

b. ‘other transport alternatives available to the traveller are the Airport Shuttle Bus to the City or limousine hire (H plated vehicles)...most business travellers do not want to take a bus and prefer taxis’;

c. passenger levels are now above those in 2000 and 2001 when Qantas, Ansett and Impulse all operated at Canberra Airport, with annual interests especially in the taxi industry have fiercely been defending the status quo by flooding the community with predictions about the total failure of the industry if competition were to be introduced.

d. levels trending towards 2.1million for 2003-04;

e. airline passenger numbers are up 18.8% for the September quarter 2003 (over September 2002);

f. October 2003 saw 200,000 passengers pass through the terminal for the first time in history;

g. forward forecasting has shown that this will increase to 1,823 arriving and 1823 departing in 2024/25, more than doubling current levels.

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\(^{70}\) Letter of 26 November 2003, Ms Jeanette Hall, Commercial Manager capital Airport Group.

\(^{71}\) Letter of 5 November 2003 to the Chief Minister from Mr Stephen Byron, Managing Director, Canberra International Airport Pty Ltd.
These numbers are expected to be significantly higher if Canberra becomes an alternative airport for Sydney; and

h. current annual passenger levels are expected to increase from around 2.1 million currently to 5.2 million in 2024-25. These numbers are expected to be significantly higher if Canberra becomes an alternative airport to Sydney.

6.2 Best Western Tall Trees Motel wrote to the ACT Chief Minister on 27 November 2003 with concerns that ‘The taxi situation is ridiculous. We have a fifty-unit motel and people have to wait up to an hour for taxis on parliament weeks. As we are 3 km from the city centre we have guests telling us they won’t be able to stay with us anymore even though they love our property because it is just too hard to get a taxi…we spend every morning running people in our private cars, as they are late for meetings etc. There are obvious insurance risks and it takes a lot of time to have to be a taxi 4 mornings a week because the Government can’t ensure there are enough taxis for an event that happens almost half the year. …Every motel in Canberra has the same problem and we have all individually and jointly been complaining to the taxi companies and the tourism people have written open letters to them recently but it seems to be just getting worse’

6.3 The Canberra Taxi Proprietor’s Association Limited (CTPA) opposes the cost index introduced by the ICRC for fare setting, which is based on a weighted return to investment and refutes the formula that says ‘if there is a lease fee of $26,000 per annum, then this equates to $5.6 million for 217 taxis…if there are approximately 2.1 million hirings per year then $5.6 million divided by 2.1 million approximates to $2.70 per hiring. Freehills worked on an average number of hirings per taxi of 12,257 and divided this figure into $26,000 to arrive at a saving of $2.12 per hiring’. It was therefore not surprising to the Committee that key representatives of the Aerial Taxi Cabs Co-operative Society Limited expressed strong opposition to a competition-based industry. This opposition to the deregulation of the market in the ACT is indicated in such comments to the Committee as follows (categorised by the Committee for ease of synthesising the issues):

72 Letter to ACT Chief Minister of 27 November 2003 from Mr Andrew Richman Manager of the ACT Best Western Tall Trees Motel – copy of letter provided by Chief Minister’s Office to the Committee.

73 Letter of 17 November 2003 to the Committee from Mr John Muir, Chief Executive, Canberra Taxi Proprietor’s Association Limited.
Capital Investment by Individuals

- ‘of greatest concern is the capital investment in plates by members. Efforts must continue to preserve member expectations of a capital gain on their plates to ensure ongoing investment in the industry. Alternatively, compensation must be paid if the Government proceeds along the deregulation path. The WAT experience demonstrates fairly succinctly that the absence of plate values does not result in any increased public benefit, in either reduced fares or better service levels’

- Should the ACT Government proceed with the auctioning of taxi plates as proposed by the Amendment Bill and Amendment Regulations, the taxi industry will seek compensation as a matter of legal right...the open market was established in 1986 when the Minister for Territories made licences transferable. Each licence holder of a non-transferable licence could pay the Government $37,500 to obtain transferability. All non-transferable licences were converted. The Territory Government then sold [certain] plate numbers for $80,000 to the first applicants. Since that time successive Territory Governments have auctioned plates and collected stamp duty and tax on the acquisition of a business on plate transfers in the open market. To transfer the licence value from existing licence holders to new licence holders is an acquisition of property. The Committee should be in no doubt that the Government’s intended actions will see taxi owners rendered destitute, mortgages closed on family homes and the taxi industry listed by banks as an unsuitable lending risk...and could lead to the collapse of the Aerial Co-operative

- If the Government wishes to allow the market for licences to determine demand, it has a moral responsibility to consider driver remuneration and conditions. Taxi plate issue should be based on taxi passenger demand;

- The Bill will create a deregulated system, and this will be detrimental to the ACT Taxi Industry, because it will jeopardise the financial security of the owner operators, will result in lower returns because there will be more drivers in the industry, and the standards of service to the public will drop. Driver’s work for fifty per cent of the taxi’s

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75 Inquiry into the Road Transport (Public Passenger Services) Amendment Bill 2003, from the Canberra Taxi Proprietors’ Association and Canberra Cabs, pages 15-16.
earnings, so drivers will not stay when other jobs offer better conditions;

- Selling the plates is now impossibility. Many owner operators need to be able to sell plates to fund their retirement; but cannot retire until plates can be sold for at least the amount of the original investment; until then these owner operators cannot implement a retirement plan;

- Competition is not the same as deregulation and the capital costs of the licence plates is an investment in a business and should not be confused with a taxi’s annual operating costs or the setting of fares;

The Case for the Status Quo

- Canberra Cabs strongly wishes to retain the current status quo and the single network provider for the ACT and sees the ACT Government’s proposed legislation as being ‘a short sighted, economically rationalist, and financially opportunistic philosophy within some elements of the Government and their senior policy advisors is destructive to the industry’;

- ‘the delay by the Minister for Urban Services in respect of implementing deregulation ‘would more likely be in our favour’…’most of the Board’s work …has been centred on the deregulation threat to Canberra, [working] closely with a lobbyist, as well as ANU based consultant, Professor Des Nicholls, to dissuade the ACT Government from adopting the National Competition Policy reforms and ACT Independent Competition and Regulatory Commission recommendations in regard to taxis’;

- Removal of Section 39 of the Act-removing the Minister’s power to determine the number of taxis in operation ‘ignores any rational view of needing to establish an equilibrium of supply and demand and is only a reaction to Treasury threats that National Competition Policy funding from the Federal Government may be adversely affected if the ACT Government does not react in this manner…[but the Bill

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76 Inquiry into the Road Transport (Public Passenger Services) Amendment Bill 2003, from the Canberra Taxi Proprietors’ Association and Canberra Cabs, page 16.


78 Ibid, Chairman’s Report.
[‘contains no mechanisms for not releasing further plates, irrespective of the level of demand and/or the state of the industry’]

- Removal of Section 40 of the Act—will provide no prohibition on the Road Transport Authority in the number of licences issued, which combined with the formula of auctioning five to ten per cent of standard taxi licences each year, will mean a doubling in size of the ACT taxi fleet in eight years;

- Little weight is placed by the ACT Government on the impact on public benefit issues, or the impact on productivity, or that with a proposed automatic annual increase in taxi numbers, and no corresponding increase in demand, drivers’ income will decline, as will the quality of service, safety and related factors;

- Canberra Cabs is not a monopoly just because the ACT taxi market has a single network provider, having been formed from three taxi networks with their inherent inefficiencies and diseconomies of scale…the current arrangement enables the ‘ACT with only a small fleet to amortise the cost of the communications technology for its network’;

- ‘Canberra Cabs, without legislation has made car seats for [children under two years of age] available on to passengers request. Canberra cabs will take a booking for a taxi with a car seat and will assign the hiring taxi that is nearest to both the hiring and the airport or Lyons, Canberra Cabs base. Car seats are stored at both locations and a taxi driver simply calls by one or the other location and proceeds to the hirings pickup point;

- Canberra Cabs argues that ‘the ACT taxi industry is made up of up of more than 1,000 small business and micro-businesses. Each taxi driver is a business in his own right having been legislated to be so by

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79 Submission of September 2003 to the Standing Committee on Planning and Environment for the Inquiry into the Road Transport (Public Passenger Services) Amendment Bill 2003, from the Canberra Taxi Proprietors’ Association and Canberra Cabs, page 8.
80 Submission of September 2003 to the Standing Committee on Planning and Environment for the Inquiry into the Road Transport (Public Passenger Services) Amendment Bill 2003, from the Canberra Taxi Proprietors’ Association and Canberra Cabs, page 8.
83 Ibid, page 12.
the Federal Government…the deregulation of licences for entry to the taxi market and the deregulation of fares would see the demise of the livelihoods of many small business and micro business operators’;

- The ACT Government was culpable in the Yellow Cabs fiasco because WAT licensees preferred to remain as part of the Canberra Cabs fleet\(^85\);

- Canberra Cabs does not need the interference of the ACT Government or the proposed legislation, because ‘it sets the standards of service quality, fleet and driver presentation, driver behaviour, discipline and it maintains order in the industry. It provides an essential day-to-day industry management service that the regulator, or any bureaucracy that is remote from the fleet and passengers, will never be able to fill. And it performs this role without any cost to Government’\(^86\);

- The number of taxis allowed to operate should revert to a previous model and be ‘determined on a logical and clearly understood basis and served the community’s interest in charging fares that also had to be justified against actual costs of operation. All very logical…the number of taxis were pro rata for population and comparable with any other jurisdiction in the world. ‘the number of taxis needed to service the community was once considered against population and workforce increases, calculated by formula with only the government deciding, numbers after industry consultation. Based on the demand for taxis the process required the tabulation of the number of phone calls made monthly to base being averaged on a quarterly basis. Once determined, that number was then divided by the number of taxis in the fleet and if the number came to a ratio of less than 800 there were no additional taxis deemed to be needed. If the number came to more than 800 jobs per taxi, then it was considered that more taxis were in fact needed. It was a simple approach. The ratio of 800 jobs per month was arrived at as being the number of jobs per taxi required by taxi owners in order for them to operate and to pay the bills’\(^87\);

- The Amendment Bill proposes the omission from the Act of sections 39 and 40 that would effectively remove the Minister’s power to decide

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\(^{85}\) Submission of September 2003 to the Standing Committee on Planning and Environment for the Inquiry into the Road Transport (Public Passenger Services) Amendment Bill 2003, from the Canberra Taxi Proprietors’ Association and Canberra Cabs, page 13.

\(^{86}\) Inquiry into the Road Transport (Public Passenger Services) Amendment Bill 2003, submission from the Canberra Taxi Proprietors’ Association and Canberra Cabs, page 16.

\(^{87}\) Transcript of Evidence 7 November 2003, Public Hearing of the Committee, Mr Phil Button, Taxi Owner, page 55.
the number of taxi licences that should at times be issued by way of public auction. The deletion of these sections from the Act would in effect achieve the deregulation of entry to the taxi industry and would result, in the oversupply of taxi licences in Canberra with resultant catastrophic outcomes for the community as well as those currently engaged in the industry:\textsuperscript{88};

- Competition is not a viable option with only 243 taxis, even if the standard fleet of 217 is increased arbitrarily by five to ten per cent\textsuperscript{89};

- Canberra Cabs is an integral part of ACT tourism industry- tourism would be ruined by implementation of Draft Bill; Current arrangements incorporate plenty of competition in the taxi industry, and already provide for a high quality competitive Hire Car Industry, so these should not be changed, because to change the current arrangements will destroy current viability, competitiveness, and quality, standards, and safety regulations;

- Lower taxi fares will not increase patronage, and ACT Government must not overlook ongoing problem of ACTION to attract increased usage\textsuperscript{90};

- Experts in the deregulation industry have driven the momentum for taxi industry deregulation, not by community concern. They have failed to address empirical evidence that contradicts their preferred results. The taxi industry fails to reflect the perfect competition model described in microeconomic textbooks\textsuperscript{91};

- An ongoing taxi industry is linked to the sustainable transport policy; deregulation will lead to collapse of the Aerial Co-operative\textsuperscript{92}; and

- Current service adequately provides for parents of children under the age of two.

6.4 This Inquiry cannot comment conclusively on the success of previous systems or whether there is a true causal relationship between the

\textsuperscript{88} Inquiry into the Road Transport (Public Passenger Services) Amendment Bill 2003, submission from the Canberra Taxi Proprietors’ Association and Canberra Cabs.
\textsuperscript{89} Inquiry into the Road Transport (Public Passenger Services) Amendment Bill 2003, submission from the Canberra Taxi Proprietors’ Association and Canberra Cabs.
\textsuperscript{90} Op.cit.
\textsuperscript{91} Ibid.
\textsuperscript{92} Ibid.
uncertainty and an apparent devaluing of licence plates in the industry and the National Competition Policy requirements.

6.5 The Committee felt concerned that most of the evidence it received had come largely from licence owners closely connected to the group of Directors for the Canberra Cabs Co-operative. The Committee felt that it might not have had sufficient opportunity to receive or analyse evidence related to:

- The inadequacy of taxi services at particular times of the week, mainly in the afternoon and late at night for weekends or for special events, when at other times there might be an excess of cabs available;
- The actual extent of poor financial returns to drivers and operators, especially casual drivers;
- Whether the cab drivers know Canberra sufficiently well to take passengers via best direct routes;
- The extent to which there is an efficient service and availability of cabs for fares for residents in outer suburbs such as Gungahlin, Hall, Bonython or Conder, or other regional areas;
- What financial hardships might be being incurred for operators who lease licences from investors;
- The extent to which Canberra Cabs Pty Limited current system for the supply of seats for children under two is satisfactory for those consumers who require such service either through hail, rank or pre-book arrangements (i.e. under the current system, the cabs are not pre-fitted - the seats needs to be picked up from either the airport or the Lyons base when a cab is pre-ordered);
- The extent to which the disabled community, their families and carers are satisfied with the wheelchair access service; and
- The extent to which all Canberra taxi drivers were satisfied with the no choice situation of having to belong to the Co-operative to obtain an assured despatch service.
7. **Taxis-Conclusions**

7.1 The intent of the 2003 Amendment Bill is to gradually break the monopolistic framework in the ACT taxi industry by auctioning taxi licences and passing responsibility for the determination of the maximum number of licences from the Minister for Urban Services to the Road Transport Authority. The ACT Government’s view is ‘not proceeding with this legislation or deferring the decision will ensure that the current downward trend in taxi hiring will continue indefinitely and there will be no benefit to the industry or the community. The issue is not whether the industry should be reformed but rather what is a reasonable, sensible approach to reform. It is now eight years since the ACT agreed to review the taxi and hire car industry. There have been two major independent reviews and an Assembly committee review of the hire car industry. The Government’s reform program incorporates the vast majority, though not all, of the recommendations from those reviews’. The notion of breaking the current arrangements has sparked many emotional reactions that were not always related to the issue of structural adjustment for the industry or the issues of national competition policy.

7.2 The NCC contends in its 2002 Assessment that ‘limits on taxi licence numbers have over the past two decades reduced the number of taxis relative to population and encouraged increases in the real (adjusted for inflation) value of taxi licence plates’. The NCC assesses each jurisdiction’s progress on meeting the reform agenda, and recently reported that jurisdictions have historically taken a two pronged approach to regulation:

- Regulation of standards for passenger safety issues, such as age and road worthiness of vehicles, entry requirements for drivers; and

- Severely limiting the number of taxis in the market, and fare regulation.

The ACT has a closed market structure when it comes to the taxi industry, with approximately half the owners of taxi licences (the licensee) also operate the taxi service and therefore have a direct relationship with taxi drivers.

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94 National Competition Council 2002 Assessment, Chapter 5 Transport, page 5.1.
7.3 The taxi industry⁹⁶ sees as a fair solution from Government, the establishment of Taxi Advisory Council:

1) comprised of the taxi industry; regulators; consumer groups; disability advocates; and unions;

2) to act as an adviser to the Minister on the number of taxi plates released at auction;

3) to determine the number of taxi plates to be released at auction by assessing the number of taxis per head of employed population against an agreed benchmark; and

4) to advise the Minister on recommended fare adjustments with revenue from plate sales continues to be used for the public benefit.

7.4 While there was some support for further deregulation of the taxi and hire car industry, members of the Canberra Cabs Board of Directors have been heavily engaged task in dissuading the ACT Government ‘from adopting the National Competition Policy reforms and the ACT Independent Competition and Regulatory Commission recommendations in regard to taxis’⁹⁷. The question of services to parents of children under two years of age is, obviously, related to car seats being available but they are standard equipment in most other States. Currently ACT taxi drivers do not carry capsules, so are required to collect capsules either from Canberra Airport or the Canberra Cabs Lyons depot. Canberra cabs subsidises the hiring so that the passenger only pays for the fare from their pick up location to their destination. The Committee notes that this method could only be useful if pre-bookings were made; it would certainly be inconvenient for passengers with children hailing or taking a taxi from a rank to have to wait for such seats to be collected and then fitted. The Committee noted that taxi luggage compartments are currently limited because of the LPG tanks.

7.5 The Committee formed the view that safety precautions for all types of passengers including babies, young people and adults should be more seriously addressed. One of the ways to provide a better and more safe service for children under two would be to increase the number of drop off points and make more baby capsules available at these extra drop off points.

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⁹⁶ Inquiry into the Road Transport (Public Passenger Services) Amendment Bill 2003, submission from the Canberra Taxi Proprietors’ Association and Canberra Cabs, page 17.

7.6 The June 2002 ICRC Report to the ACT Government found that taxi hirings had been in decline over a number of years and that many who have invested in the hire car industry are unable to leave the industry so further reform is needed to ensure their long-term viability...[because] the restrictions on the number of taxi and hire car licences do not benefit the community and cannot be justified 98. The Committee acknowledges that:

- there is a requirement for the ACT government to comply with the National Competition Council (NCC) to make satisfactory progress in implementing a reform agenda, so that will receive the Federal Government’s tranche payments;

- The competition framework is aimed at removing restrictions on licence numbers and fare regulation99, which is consistent with the view of the ACT Government notion that ‘the removal of licence quota restrictions, the introduction of competition between networks, and the introduction of new and innovative customer oriented services are required if the ACT industry wants to turn around the current movement away from taxi use100’;

- The proposed legislation is aiming to introduce deregulation of the taxi industry through having a stable and controlled taxi licence release program based on response to demand and at a rate that will not significantly impact on licence values in any year;

- All the evidence about opening up the market has been focussed on ‘no more additional licences’ while too little attention has been paid to the monopolistic impacts of the single despatch network. The system can only be really deregulated if another network is established in the ACT. One of the options that should be investigated by the ACT government would be to set up another network under the auspices of ACTION. If an ACTION network were established, it should operate for a period of ten years while leases expire, after which time the network could be tendered for sale in the private market.

7.7 Nevertheless, the Committee takes the view that the development of future policies and legislation in the public passenger service industry in the ACT must be equally cognisant of legal and economic compliance issues

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100 Submission No. 30 Department of Urban Services Submission of 3 October 2003 to the Committee, page 16.
relating to national competition policy and the local and regional social and economic impacts on the small business operators and individuals who largely work the industry. Not all issues of an economic nature can or should be settled through a mathematical formula, and neither should regulation of standards and safety adversely affect the quantity and competition of services and price of services delivered.

7.8 The Committee concludes that there are aspects of the ACT framework that must improved and some aspects that should be removed, and agrees that it is in the public interest to have a viable, competitive industry that is well regulated with regard to quality, standards and safety. The Committee feels that there should ease of entry into and exit from the ACT taxi industry, and equally there should be some sensible control over the number of plates issued. In order to benefit the industries and meet some of the conditions of the National Competition Policy, the Committee has concluded that there needs to be a removal of perpetual taxi licensing arrangements at the same time that there is a removal of licence quota restrictions for the industry, so that a fair competitive base for both industries is established. The Committee believes that any ACT Government must not introduce an approach that ultimately will introduce discrimination in entry and competition in both sectors of the industry. Both industries would proceed to a buy-back scheme, the hire car industry to a Government funded scheme, and the taxi industry to an off budget privately funded buy-back scheme. Buy-back schemes must be accompanied with adequate and appropriate compensation in addition to there being an appropriate value established for the cancellation of perpetual licences. Following the implementation of the buy-back scheme, licences for taxis should be released on a demand basis.

7.9 The taxi industry has indicated that there would be agreement to compensation, which the Committee believes should be established as part of the buy-back scheme.

RECOMMENDATIONS

1. The Committee recommends that a buy-back scheme be implemented for taxi licences.

2. The Committee recommends that the compensation for taxi licence plates to be based on the Australian Valuation Office figures for taxi licence plates current at 1 January 1997, and to include an amount equivalent to membership fee paid by licence owners to the Aerial Taxi Cabs Co-operative Society Limited.
3. The Committee recommends the establishment of a new dispatch network authority operating under the auspices of ACTION.

4. The Committee recommends that any legislation include a framework for enforcement of an accreditation, licensing and registration regime with penalties for operators who breach the regulations, and that the Department of Urban Services be properly resourced with appropriately trained personnel to undertake the enforcement regime.

5. The Committee recommends that annual and short-term periodic licences be made available to suitable and accredited persons.

6. The Committee recommends that the Government develop a transparent framework for an assured orderly release of plates so that the industry does not suffer regular investor failure.

7. The Committee recommends safety precautions for all types of passengers including babies, young people and adults be more seriously addressed.

8. The Committee recommends that to provide a better and more safe service for children under two, the number of drop off points for baby capsules be increased and that more baby capsules be available at these extra drop-off points.

9. The Committee recommends that cross border taxi arrangements, allowing ACT taxis and Queanbeyan taxis to operate in both jurisdictions continue without imposing additional regulatory costs on the taxi services, subject to mutual recognition of accreditation systems in both the ACT and Queanbeyan.
PART 3-WHEELCHAIR ACCESSIBLE TAXIS (WATs)
8. **Wheelchair Accessible Taxis-Overview**

8.1 Wheelchair Assisted Taxi (WATs) licences, also known as Restricted Taxi licences, are annual licences and are not transferable. Licences must be leased from the ACT Government for an annual fee and the holder of the licence must also operate the taxi. WATs can also operate as normal taxis when there is not trip demand from the disabled community. According to the Department of Urban Services ‘a total of twenty-six Restricted Taxi Licences for wheelchair accessible taxis have been issued, but that two wheelchair accessible taxi licences have been surrendered to the Road Transport Authority in the last 18 months'. The licences have been returned, as the operators have not been able to make the operation of the WAT viable.

8.2 The ACT’s Wheelchair Assisted Taxi framework came under review in 1998 by the Standing Committee on Urban Services into the Need to Increase the Number of Restricted Taxi (Multicab) Plates (Wheelchair Accessible Taxis), and then again in October 2001 when an investigation was undertaken into the competition implications of wheelchair accessible taxi services by a single network in the ACT. The 1998 review specifically focused on:

(ii) The provisions of transport services for students attending special schools, patients attending rehabilitation programs at the Canberra Hospital and older citizens attending day care programs at the Belconnen and Tuggeranong Health Care Centres;

(iii) The general operation of transport services for residents with disabilities;

(iv) The Government’s community service obligation in this area; and to

(v) Review any cost comparison of the current provision of bus and taxi services in this area with that of the proposed changed service for rehabilitation patient transport.

8.3 The Committee observed that the twenty-six recommendations of this report to the Legislative Assembly may not yet have had the desired

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101 Department of Urban Services information to the Committee 19 November 2003.
102 Report Number 28 of the Standing Committee on Urban Services, August 1999.
improvements in the taxi industry for carrying disabled people as evidence presented during the Committee’s Public Hearings reflected a range of operational problems. While a range of these recommendations\(^\text{104}\) of the report may have been implemented, the Committee heard that some of the issues remain current concerns in the industry.

8.4 On the basis of the recent reviews, the ACT Government has taken steps to ensure that WAT services are viable, and has:

- released twenty additional Wheelchair Accessible Taxi Licences; and
- has provided for higher training standards for Wheelchair Accessible drivers; and
- implemented a $7.50 payment for wheelchair hirings to compensate drivers for the time taken to pick up and set down wheelchair passengers

8.5 The WATs element of the taxi industry is the only element where to date, an attempt has been made by Government to promote competition. In 2001, the then ACT Government attempted to allocate all WATs to a second network, based on a recommendation of the ICRC to reduce the risk of creating a long-term monopoly for WAT services. The Government decided that WAT licencees should have the choice of network affiliation after two years. The newly elected ACT Government decided in November 2001 that ‘it would not compulsorily transfer the WAT licences to a second network.\(^\text{105}\) CTPA\(^\text{106}\) holds the view that ‘the disabled access issue was not addressed in sincerity by the Government…as many of the WAT licensees were not prepared to be part of such a move; they preferred to remain as part of the Canberra Cabs fleet’.

8.6 The ACT Government’s view in 1998 was that ‘the current number of accessible taxis in the Territory is adequate to ensure that response times for accessible taxis are the same as for those for inaccessible taxis\(^\text{107}\). This view persists today in respect of wheelchair accessible taxis. The Department of Urban Services has indicated that it has no intention to make the licences available to other persons at this stage, because twenty-six vehicles should be

\(^{104}\) Report No. 28 of the Standing Committee on Urban Services, August 1999, pages vii to x.
\(^{105}\) Submission to Standing Committee on Planning and Environment from Department of Urban Services, page 11.
\(^{106}\) CTPA Submission to the Standing Committee on Planning and Environment September 2003, page 13 of main submission to the Inquiry.
sufficient to provide the required level of services, although it would like to see Canberra Cabs return to a system of micro-management for wheelchair hirings. Canberra Cabs has implemented a new system for allocating wheelchair hirings, however, performance statistics are yet to show any improvement. Previously, Canberra Cabs micro-managed all bookings for wheelchair hirings but ceased this system when the extra Wheelchair Accessible Taxis (WAT) licences were released. The Road Transport Authority (RTA) will continue to monitor the performance of the WAT fleet and any decision on returned licences would be on the basis that re-releasing the licences would improve WAT performance, following the recent implementation of two further measures:

i) in late October 2003, Canberra Cabs introduced a new by-law specifically prohibiting a driver from refusing a wheelchair hiring unless authorised to do so, and Canberra Cabs will take disciplinary action against drivers who don’t comply; and

ii) 10-minute allowance for wheelchair hirings has been included in the approved performance standards to reflect new regulations (associated with the introduction of the lift fee) that prohibit a driver from turning on the taximeter while a wheelchair is being lifted and tied down.

8.7 Statistics show that ‘approximately nineteen per cent of the ACT population –or 57,000 Canberrans – have a disability... with more than fifty percent of this group using an aid of some sort, with the vast majority being mobility aids (eg wheelchairs) and communication aids (eg hearing aids). The WATs provide services for such people, and may continue to have an increase in demand for such services as the Australian Bureau of Statistics project that the ACT is expected to have 20.9% of its population aged 65 and over, and 7.2 per cent aged 80 and over, by 2021, when the population is predicted to grow to 407,000. A Canberra Cabs’ August 2001 survey informs that the demand for WATs was less than 2 services per day. The survey showed that the operating profile comparing standard taxis and WATs was as follows (Table 7):

Table 7 Operating Profile Comparing Standard Taxis and WATs

<table>
<thead>
<tr>
<th>Taxi Type</th>
<th>Average fare</th>
<th>Average radio hirings per fare</th>
<th>Average total kms per fare</th>
<th>Average paid kms per fare</th>
<th>Average waiting time per fare</th>
<th>Paid kms Total kms</th>
<th>Sign on hours per week</th>
<th>Ratio Rate 1 to rate 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td>$13.79</td>
<td>0.6</td>
<td>16.4</td>
<td>7.9</td>
<td>1.9min</td>
<td>48%</td>
<td>118</td>
<td>58:42</td>
</tr>
<tr>
<td>WAT</td>
<td>$14.84</td>
<td>0.6</td>
<td>16.4</td>
<td>7.5</td>
<td>3.3min</td>
<td>46%</td>
<td>110</td>
<td>59:41</td>
</tr>
</tbody>
</table>

8.8 A July 1998 document showed that it cost approximately an extra $25,000 per vehicle, to run an accessible taxi largely based on differences in vehicle finance, fuel, insurance, tyre wear, mechanical maintenance, battery/electrical services and minor repairs. The CTPA provided the ICRC with models of comprehensive costs to run an average taxi for both standard taxis and WATs showing that overall WATs are slightly more costly to run (Table 8—see Appendix 7).

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9. **Wheelchair Accessible Taxis-Evidence before the Committee**

9.1 According to the CTPA, WATs undertook 3,900 hirings compared to 5,000 hirings for a standards taxi between January 2003 to June 2003. Only 245 or six percent of WAT hirings were wheelchair hirings, suggesting a hiring rate of ten per week. The Committee suggests that this may be a consistent average because it appears more lucrative for WATs to collect ordinary fares. Certainly Canberra Cabs hold a view that there is an oversupply of Wheelchair Accessible Taxis by about ten, that people with disabilities are not being properly serviced by the WATs, and that there’s a Wheelchair Accessible Taxi drivers are denying standard taxi drivers a substantial portion of income. Despite the $7.50 lift fee for WATs, there was a view coming through that the average fare received compared with standards taxis was not worth the unpredictable waiting times for the disabled because they are not ready and the loading and securing time. Using the operating profile from paragraph 8.7, the average WAT fare provides only an extra $1.05. It also suggests that a WAT taxi should not be permitted to reject a WAT hiring, in favour of a standard fare.

9.2 The Committee became aware that the Department of Urban Services is in discussion with Canberra Cabs about possible measures to further improve responsiveness of WATs, including micromanagement. The Chief Executive of Canberra Cabs advised the Committee by e-mail on 19 November 2003 further to the Committee’s interest in wheelchair accessible taxi (WAT) response times, that ‘the Department of Urban Services has acknowledged that there is an inherent delay (ten minutes) built into the response time statistic as a result of the time taken for a WAT passenger to be loaded and secured. Since the introduction of the lift fee a driver is prohibited from engaging the taximeter until loading and securing is complete. It is the activation of the meter that determines the response time. From December 2003, WAT statistics will be adjusted accordingly’.

9.3 The Department of Urban Services informed the Committee that because WAT vehicles have very high capital and running costs which would be better managed by operators if they were amortised over eight rather than six years, WAT operators have approached the RTA about extending the vehicle age for WATs from six to eight years. While this would be consistent with regulations in all other jurisdictions and ACT regulations on vehicle age for standard taxis, the Department informs that Canberra Cabs does not support this proposal. The Committee agreed with the Department’s view that such a policy should proceed via a new regulation which could be expressed such that a vehicle is to be inspected after six years and may be used for a further two years if its condition is considered satisfactory.
10. **Wheelchair Accessible Taxis-Conclusions**

10.1 The Committee concluded that there was little in the proposed legislation to adversely effect the future operation of the WATs. Rather what appears to be the contention is whether the number of WATs are providing a value and responsive service to disabled Canberrans, or whether the complaint of Canberra Cabs is justified in that they are denying standard taxi drivers their opportunity to earning capacity. The statistics show that the WATs are taking up to 44 percent of all available standard fares, with only an additional two to three WAT fares per day to add to their earning capacity.

10.2 The Committee does not dismiss the need for WAT taxis in the ACT, but feels there is a good case to be made for the WATs to be taken off the Canberra Cabs network, and placed in into the ACTION network, serving low patronage bus routes and routes assigned by ACTION, as well as undertaking their specified WAT service. Such a move would fill the needs for the chronically disabled under rehabilitation as their special transport services to the Canberra Hospital have been wound down. In addition to the extended notice required to book a WAT, many WATs are already booked many months in advance to service the special needs of the disabled and children.

10.3 The Committee is sure that such an approach would facilitate the ACT Government’s meeting its community service obligations to the disabled and the needs of an increasing number of the ACT aged population. This would also provide the Government with a long term opportunity to facilitate the entry of a second network to the ACT, because the critical mass of taxis necessary for a viable network would be more readily achieved in a regulatory environment which includes a mechanism for increasing the number of licences according to demand. Transferring the WATs to ACTION and diverting their usage purpose would provide for an approximate 7,800 hirings per year for standard cabs and this should be used as an opportunity to attract a second network provider to the ACT. This approach would also go quite a way to building an even more accessible Canberra consistent with the fact that as the population of the ACT ages, so too will the incidence of disability in the ACT.

10.4 It may also be possible to apply some of the policy recently approved by the Tasmanian Government\(^{113}\), where the tender price for WAT licences is

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\(^{113}\) Email Advice of 8 December 2003 from Peter Bolton, Senior Policy Analyst, Passenger Transport Policy, Tasmanian Government department of Infrastructure, Energy and Resources-copy provided to the Committee on 8 December 2003 by email by the Department of Urban Services.
service rather than price related. If after two years the WAT’s are not fully subscribed in an area, then another one year will be afforded for that area, as a period in which the WATs will be offered in place of conventional licences.

10.5 The remaining significant issue is the management of the wheelchair accessible taxi fleet to ensure the industry meets its obligation under the Disability Discrimination Act to provide equivalent services for wheelchair users by 2007. Equivalent access is measured by the waiting time performance standards under the Road Transport (Public Passenger Services) legislation. The performance standards specifically state that an accredited wheelchair accessible taxi network (i.e. Canberra Cabs) must provide equivalent response times for wheelchair users by 2007.

RECOMMENDATIONS

1. The Committee recommends that the wheelchair accessible fleet meets its obligation under the Disability Discrimination Act to provide equivalent services for all wheelchair users by 2007.

2. The Committee recommends that WATs be assigned to the ACTION network, that the despatch of the WATs be controlled by ACTION, and that the WATs be regularly used on low patronage bus routes to be assigned by ACTION, as well as undertaking their normal special purpose WAT services.

3. The Committee recommends that the Government use the transfer of the WATs to the ACTION network to establish conditions that will attract a second network provider to the ACT for standard cabs.
PART 4- PROPOSED SOLUTIONS AND BUY-BACK SCHEMES
11. TAXI AND HIRE CAR INDUSTRY PROPOSED SOLUTIONS

11.1 The taxi industry’s proposed solution in the legislation is an anti-competitive approach to bar all future companies to enter the ACT market, while the hire car industry overall sees benefit from all of the hire plates being bought back by the Government to establish a level playing field for entry and exit to the industry. As both industries operate in different ways and in different client markets, it is understandable perhaps that each industry has developed these varying views. The details translate from evidence provided by each of the industry sectors as shown in Table 9 (see Appendix 8).

11.2 The CTPA’s submission\(^{114}\) is strongly opposed to deregulation buy-back schemes and points to evidence of failure or rejection in other States and Territories. Some of these views as presented are:

- On the Northern Territory-‘When the Northern Territory committed to deregulation (prior to reregulating following the social and financial degradation of the industry) its plate buy-back scheme fully compensated plate owners by paying back full market value for the plates’.

- On Western Australia-‘…the Government recently opposed a voluntary buy-back of taxi licences. The figure set by the Western Australian Government did not meet the Western Australian taxi industry’s expectation and the concept of buy-back was rejected by the taxi industry. A feature, however, of the Western Australian buy-back which would need to be part of an ACT buy-back was the guaranteed no capital loss provision’.

- On Queensland-‘the Queensland Government …is examining more flexible and demand-responsive community transport options such as maxi-taxis in small communities where a standard bus is not viable’.

11.3 The 2003-2004 ACT Government Budget includes expenditure and revenue to implement taxi and hire car industries reform as follows\(^{115}\) (Table 10):

\(^{114}\) Inquiry into the Road Transport (Public Passenger Services) Amendment Bill 2003, submission from the Canberra Taxi Proprietors’ Association and Canberra Cabs, page 15.

Table 10  2003-2004 ACT Government Budget for Taxi and Hire Car Industries

<table>
<thead>
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<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Expense</td>
<td>1,461</td>
<td>1,014</td>
<td>898</td>
<td>796</td>
</tr>
<tr>
<td>Revenue</td>
<td>1,618</td>
<td>1,184</td>
<td>1,084</td>
<td>997</td>
</tr>
</tbody>
</table>

The predicted revenue includes proceeds from the sale of a limited number of taxi and hire car licences and accreditation fees. The predicted expenditure includes the costs associated with the auctioning of licences, a strengthening of the compliance and enforcement program, accreditation processes and the return to existing licence holders of the net proceed from licence sales after providing for the reform costs not offset by the collection of accreditation fees.

11.4 The ACT Government has considered a number of solutions to achieve reform:

- the buying back of licences at the cost of purchase, but ruled this out as that would cost the government an estimated $50 million;
- the non-government option from the Macquarie Bank, but ruled this out because it believes it would delay the benefits to customers for at least 12 years, even if it were possible to finance such an expensive scheme\(^{116}\); and
- a transitional approach to licence reform with the payment of structural adjustment assistance to licences owners as competition is gradually increased through the release of additional specific licences annually over a number of years, with the sale of these licences funding an assistance package, which is the Government’s preferred option.

11.5 The Government’s proposal is to provide structural adjustment assistance for up to five years, although it is not certain how much each licence holder would receive over the five year period as this depends on the number of licences sold and the prices reached at auction for those licences. It has been estimated that, on average, two hire car licences would be sold at auction each year over the next five years.

\(^{116}\) Hansard, ACT Legislative Assembly Sittings Week 6, 17 June 2003, page 1970.
11.6 Because the Government believes that its reform program for the staged release of hire car licences will mean that licence owners may not receive the high returns enjoyed in the past \[117\], assistance will be provided to current licence owners through a period of structural adjustment by returning to them the net revenue from the sale of new licences after allowing for costs associated with the reforms. For example, if two hire car licences were sold at $110,000 each, then $220,000 would potentially be available that year for distribution to the 22 existing licence holders – a payment of up to $10,000 each. However these payments would be net of administrative costs associated with the reform program including for example the cost of auctioning licences.

11.7 The Government submits that the availability of licences each year at auction will put some downward pressure on lease fees. As the cost of leasing a licence falls, the operating cost of a taxi will be reduced. The intention is that these savings will be able to be passed on to customers through reduced fares. The lower costs will also make it more affordable for taxi drivers to operate their own cab. \[118\] Slightly less than one-third of the current licence holders obtained their licences before 1990 from the government or through private sales, with an average purchase price estimated to be $75,000. Another one-third of the licence holders purchased their licences during the years 1990 to 1995 at government auctions or privately, on average paying around $200,000. The remaining 78 licence holders all bought licences since 1995 on the private market, with an average price of about $235,000. The government’s proposed program will allow these investors to continue to receive reasonable returns on their investment for some years to come, albeit at a reducing rate. This is a reasonable and sensible outcome for all stakeholders\[119\].

11.8 In summary, the ACT Government prefers the transitional approach because ‘under this arrangement:

i) investors will continue to enjoy significant returns from their investment for years to come and will receive the net proceeds from the sale of additional licences; and

\[117\] Answer of 21 November 2003 to Question on Notice placed with Minister for Urban Services on 7 November 2003 from the Committee.

\[118\] Hansard, ACT Legislative Assembly Sittings Week 6, 17 June 2003, the Minister for Urban Services, page 1971.

ii) the cost of taxi and hire car services will gradually fall and the community will benefit from an increase in services and lower fees\(^{120}\).

11.9 Under the Government’s structural adjustment arrangement, assistance is linked to increased competition, i.e. the actual take up of new licences. If there were only a small take up of new licences, the industry would be assisted on a commensurate basis. The program is designed to assist but not compensate licence owners for any fall in the value of their licences. Such compensation, if paid, would need to be met by taxpayers and/or users of the services. As outlined in the Government submission, most licence owners have enjoyed significant returns over many years. Under the proposed formula, reasonable returns will be available for some time\(^{121}\).

\(^{120}\) Submission to Standing Committee on Planning and Environment of 3 October 2003 from the Department of Urban Services, page 36.

\(^{121}\) Answer of 21 November 2003 to Question on Notice placed with Minister for Urban Services on 7 November 2003 from the Committee.
12. Buy-back Scheme

12.1 As far back as 2001, a transitional buy-back approach for the hire car industry has been favoured ‘so over time, [there will be] a gradual releasing of additional plates…to increase competition and greater choice for customers, operators and drivers. That hopefully will mean more hire cars out there, so more employment for drivers and…greater choice [for customers]’[122]. Hire car in other jurisdictions are all deregulated, with no restrictions, except in Queensland, which limits the number of vehicles. The entry fees vary as follows:

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Entry Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>New South Wales</td>
<td>$8,000.00 per annum lease fee, administered by the Department of Transport</td>
</tr>
<tr>
<td>Victoria</td>
<td>$60,000.00 up front one-off fee</td>
</tr>
<tr>
<td>Queensland</td>
<td>Licences released as required to control numbers</td>
</tr>
<tr>
<td>South Australia (deregulated since 1991)</td>
<td>$1,100.00 per annum lease fee, with no limit on the number of licences. No perpetual licences.</td>
</tr>
<tr>
<td>Western Australia</td>
<td>Nominal Fee, with no restrictions to services, other than work must be pre-booked of at least one hour’s duration, and charges must be sixty per cent more than the taxi rate.</td>
</tr>
<tr>
<td>Tasmania (deregulated since 2000)</td>
<td>$5,000.00 upfront one-off fee. No restrictions</td>
</tr>
<tr>
<td>Northern Territory</td>
<td>$6,000.00 per annum fee, with only one hire car category.</td>
</tr>
</tbody>
</table>

12.2 The National Competition Council has emphatically stated that licence restrictions represent unreasonable restraint on trade that only delivers windfall gains to a small group of investors and owner-drivers and that such

gains come at a high cost to passengers and employees as licence restrictions reduce availability for consumers, inhibit choice and service innovation, and provide no benefit to the community. Noting the NCC tenet and the views of those in the hire car and taxi industries and approaches that have been taken in other jurisdictions, the Committee has firmly concluded that the Government has a responsibility to implement a competitive framework for taxis and hire cars in the ACT.

12.3 Instead of the transitional approach as proposed by the Government, the Committee has concluded that current restrictions on the number of ACT taxi and hire car licences and licence quotas must be removed immediately to revitalise sustainable integrated transport services for the travelling ACT public. This should be done via a Government buy-back scheme for the hire cars and through a commercial off budget scheme for the taxi industry. This split approach is proposed by the Committee because the hire car industry is small and discreet and changes could be dealt with quickly, whereas the off budget buy-back scheme would be more complex requiring an open tender process to select the financial provider.

12.4 The Committee considered a proposal\textsuperscript{123} that would fund compensation to existing perpetual licence holders for cancellation of licences. Such a compensation scheme could accord with the ACT Government’s intent ‘to reform to reduce barriers to the entry in the taxi and hire car industry, and to produce an equitable outcome to all stakeholders, and to replace perpetual licenses with periodic licences to accredited drivers, and with the National Competition Council’s aim to remove barriers to entry to the entry to reduce the transfer of wealth from the users. The Committee observed that the proposal could have such principal benefits as:

a. Equitable compensation to existing licence holders;

b. Annual licence fees significantly below the current lease rate;

c. Continued involvement of current industry participants through equity holding in a Taxi Fund;

d. Flexibility in the potential range of licences available;

e. Off balance sheet funding for the ACT; and

f. Government retention of regulatory oversight of service and safety standards.

\textsuperscript{123} Submission to the Standing Committee on Planning and Environment from Macquarie Bank Limited of 30 September 2003.
12.5 In addition, the Committee feels that the resulting competitive framework would maintain or improve service levels provided by the industry; match the supply and demand to maintain driver incomes; compensate licence holders for loss of value occurring through deregulation; and retention of industry participation to support long term sustainability. The most important outcome of taking the buy-back approach will be that regulation of the industry will support a more level playing field and encourage greater industry viability. Based on the Motor Traffic Act 1936 which legislated payment of $60,000 for hire car licenses, the Committee believes it be reasonable if the total cost of apportioned compensation payments to establish a new level playing field for the ongoing hire car industry should be considerably less than $1.2m, a small portion of the expected $11.60m NCPA payment to the ACT for 2000-02 and $49.30m by end 2005-06.

12.6 To facilitate the success of the new arrangements, the ACT Government would have to:

1) Ensure that it does not unduly restrict supply and entry into the industry, and allow regular release of additional licences into the industry (the actual level of take up of taxi licences would be a risk borne by the financiers);

2) Agree a formula governing the release of new licences, with licence availability being linked to an appropriate measure such as the growth in passenger trips, population growth, growth in Gross Territory Product);

3) Ensure that the supply of substitute services is reviewed;

4) Assure the private sector that the Government would not impose policy that would have a material adverse effect on the market for taxis and hire cars;

5) Ensure that Licence Fees are set at a level which is less than eighty per cent of existing lease charges indexed to inflation and matching the revenue base of taxi and hire car operations, to enable the benefits of reform to be immediately realised (a fixed fee over the term would require a higher initial licence fee to limit the initial benefit of deregulation although over time the benefit would become more obvious as the proportion of licence fees to revenue decreases);

6) Ensure that it regulates minimum quality standards such as roadworthiness requirements, vehicle standards, driver presentation and knowledge to maintain consumer safety and consumer confidence and protect the interests of a sustainable industry;
7) Ensure that the Taxi Fund would finance the compensation payable for
cancellation of perpetual licences, so that it will not have to fund any
capital outlay. This will ensure that funding of the taxi-plate buy-back
scheme would be off the balance sheet for the Territory;

8) Ensure that at the expiry of any defined term of the Taxi Fund that it
would establish framework to continue to generate licence fee income
for its own account at whatever level it chose; and

9) Develop Guidelines for the buy-back structure and subsequent
legislation.

12.7 In its submission\(^{124}\) of 3 October 2003 to the Committee, the ACT
Government confirmed that the ‘Macquarie Bank had approached it with a
proposal modelled on a value of $200,000 per taxi plate and $100,000 per hire
car plate, to buy-back all existing perpetual taxi and hire car licences at
current market value (determined by an independent valuer) by a fund
established through private debt and equity)... the base structure for the
fund included a 12 year term and annual licence fees equivalent to current
lease fees. At the end of the fund term, the annual licence fee would be
charged by Government at a level similar to that recommended by the ICRC,
i.e. $7,000. This compares with an annual lease fee of $24,000 for taxis,
currently charged by licence owners to lessees’. Figure 5 show the Macquarie
Bank’s proposal in a diagrammatical format:

\(^{124}\) Submission to Standing Committee on Planning and Environment of 3 October 2003 from
the Department of Urban Services, page 30.
RECOMMENDATIONS

1. The Committee recommends that the Government immediately implements an off-budget buy-back scheme for taxi licences that will provide adequate compensation and include a minimum no capital loss provision, and implements at the same time a budget-funded buy back scheme for the hire car industry.

2. The Committee recommends that to ensure the success of the buy-back scheme, that current restrictions on the number of ACT taxi and hire car licences and licence quotas be removed immediately to revitalise sustainable integrated transport services for the travelling ACT public.

3. The Committee recommends that at the same time the buy-back scheme for the taxi licences is implemented the Government facilitate the establishment of market incentive for the entry into the industry of an additional despatch network.
4. The Committee recommends that the taxi buy-back scheme must be supported by an appropriate administrative framework that will:

- Ensure that it does not unduly restrict supply and entry into the industry, and allow regular release of additional licences into the industry (the actual level of take up of taxi licences would be a risk borne by the financiers);

- Agree a formula governing the release of new licences, with licence availability being linked to an appropriate measure such as the growth in passenger trips, population growth, growth in Gross Territory Product);

- Ensure that the supply of substitute services is reviewed;

- Assure the private sector that the Government would not impose policy that would have a material adverse effect on the market for taxis and hire cars;

- Ensure that Licence Fees are set at a level which is less than eighty per cent of existing lease charges indexed to inflation and matching the revenue base of taxi and hire car operations, to enable the benefits of reform to be immediately realised (a fixed fee over the term would require a higher initial licence fee to limit the initial benefit of deregulation although over time the benefit would become more obvious as the proportion of licence fees to revenue decreases);

- Ensure that it regulates minimum quality standards such as roadworthiness requirements, vehicle standards, driver presentation and knowledge to maintain consumer safety and consumer confidence and protect the interests of a sustainable industry;

- Ensure that the Taxi Fund would finance the compensation payable for cancellation of perpetual licences, so that it will not have to fund any capital outlay. This will ensure that funding of the taxi-plate buy-back scheme would be off the balance sheet for the Territory;

- Ensure that at the expiry of any defined term of the Taxi Fund that it would establish framework to continue to generate licence fee income for its own account at whatever level it chose; and

- Develop Guidelines for the buy-back structure and subsequent legislation.
PART 5 - SUSTAINABLE TRANSPORT AND PUBLIC PASSENGER SERVICES
13. Sustainable Transport

13.1 The Sustainable Transport for the ACT Issues Paper of June 2003 suggests that ‘Canberrans rate the ease of movement as one of the best aspects of living in Canberra’\(^\text{125}\), and that ‘road planning in the ACT has assumed that in the long term 20 percent of transport demand would be met by public transport’\(^\text{126}\). The ease of movement is characterised by two basic market segments for public passenger services \(^\text{127}\):

- the pre-booked market, and
- the ‘hail a ride’ or ‘rank’ market.

However, there is also a view that there is a strong preference for those that live in the ACT to use private transport in preference to public transport, and that in fact the Canberra public only makes non-regular or occasional use of taxis, compounded by the fact that the outer areas of the ACT may be poorly serviced.

13.2 To improve services for the consumer, these market segments require further regulation in the following way:

- ‘a higher level of regulation applies to the ‘hail a ride’ / ‘rank’ market as individuals do not have the opportunity to make enquiries about the service and cost of the service on the street. For example, regular route bus services (which use bus stops) are required to publish timetables and fares while tour and charter bus services (which are not permitted to use bus stops) do not need to publish this information;

- within each of the two market segments, there is a further differentiation, for regulatory purposes, according to vehicle size. Public passenger vehicles with 10 or more seats are buses, while vehicles with less than 10 seats are taxis or hire cars. However, there are areas of market overlap. For example, wheelchair accessible taxis have more than 10 seats but are included in an exemption regulation that allows them to be considered taxis rather than buses;

13.3 While there may be a view about the ease of movement as a positive feature of the ACT, the Committee remained concerned about the lack of access to public transport services for Hall, which is part of the ACT. There is

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\(^{126}\) Ibid page 22.

\(^{127}\) Department of Urban Services 25 November 2003 advice to the Committee.
no plan for ACTION to operate a service to Hall at this stage\textsuperscript{128}. Transborder Express provides regular route bus services to and from Yass, via Hall, with drop offs at the Belconnen, City and Woden interchanges. These services are poorly patronised with an average of less than two passengers per day utilising the services. There are two morning services from Hall at 8.05am and 9.28am, and four afternoon services that divert through Hall upon request. The Committee strongly believes that the ACT Government must include Hall in all of the planning for access to public transport (buses and taxis) so that an adequate service is provided.

13.4 As part of the implementation of the Sustainable Transport Strategy, the 2003-2004 ACT Government Budget has provided for the development of a business model for a low cost and flexible (door to door) public transport feeder service for people wanting to travel to and from suburbs late in the evening (for example the Night Rider service provided by ACTION). The funding is to allow for feasibility studies and to design bus priority measures that will improve the travel time of public transport relative to the private motor vehicle and redesign the interchange facilities in Belconnen and Woden. The estimates are as follows\textsuperscript{129} (Table 12):

Table 12  2003-2004 Estimates for Feasibility Studies and to Design Bus Priority Measures

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense</td>
<td>90</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Capital</td>
<td>320</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Expense (Depreciation)</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
</tbody>
</table>

The Committee is hopeful that such studies will include the requirements for Hall and the outlying Canberra Suburbs.

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\textsuperscript{128} Advice to the Committee from the Department of Urban Services of 25 November 2003.
\textsuperscript{129} Australian Capital Territory Budget 2003-2004 Paper No. 3 Budget Overview, page 160.
13.5 One of the aims of the Road Transport (Public Passenger Services) Amendment Bill is that it will integrate with policy themes of the sustainable transport plan, to\textsuperscript{130}:

- reduce travel overall consistent with community demands for accessibility and with social, environmental and economic goals;
- reduce users’ costs and externalities for example cost to the environment of carbon greenhouse emissions;
- make the best use of all travel modes and technologies in allocating transport resources;
- provide transport choices; and
- ensure that the transport system provides affordable transport and a reasonable level of equity of access to all sectors of the community.

13.6 In its submission to the Committee, Canberra Cabs argues that an ongoing taxi industry is linked to the sustainable transport policy, but that deregulation will lead to collapse of the Aerial Co-operative. So Canberra Cabs made a plea to the Committee, that if the Government is serious about integrated public transport systems, it should remove ACTION buses from low patronage after-hour routes and have the taxis operate these routes. Canberra Cabs contends that if the taxis run the bus route, the passenger would pay the normal bus fare with the remainder of the actual taxi fare to be paid to Canberra Cabs via a subsidy from Government that would have to be negotiated. The contention is that the large subsidy paid to ACTION by the Government for its operations would be significantly reduced, and it would increase the demand for taxis\textsuperscript{131}. Canberra Cabs based the notion of a significantly reduced subsidy its belief that if one takes the number of ACT rate payers and divides that into the total Government subsidy for ACTION operations, this will tell you that each rate payer, pays over $400 per year to subsidise ACTION buses.

13.7 In the interests of implementing a competitive market in the ACT, The Committee could not recommend the Canberra Cabs’ suggestion for an integrated transport system, and instead provides a recommendation in Part 3 of this Report for the WATs to become part of the ACTION network to run

\textsuperscript{130} Submission of 30 September 2003 to the Committee from the Department of Urban Services prepared for the Minister for Urban Services, pages 22-23.
\textsuperscript{131} Transcript of Evidence 31 October 2003, Mr Muir Chief Executive Canberra Cabs and Professor Des Nicholls, Audit Committee Canberra Cabs, pages 12 and 13.
on all lower patronised routes, day and night.

13.8 Regulation of buses will place slightly more emphasis on vehicle maintenance regimes and operator training while, for taxis, there is the additional layer of the taxi network regulation. There is a lesser need for regulation in the small vehicle, pre-booked market i.e. hire cars. In addition to the regulatory mechanisms shown in Table 11 (see Appendix 9), the following requirements apply to all public passenger transport market segments:

a. public vehicle driver licensing requirements (i.e. criminal history check, annual medicals, driver training and assessment);

b. public liability insurance requirements, and

c. annual vehicle inspections’.

The Committee considers that this should also be a time when concessions on registration should be offered to those operators who elect to use energy efficient cars, such as those with hybrid engines or use alternative fuels such as bio-diesel. The Committee believes that as part of a sustainable transport plan there should be encouragement of the use of more environmentally friendly vehicles. These vehicles are more efficient and less polluting and are ideal for city locations. Following the successful introduction of LPG in taxis and CNG in buses, the ACT should be branching out into other means of propulsion. The Committee believes that there should be incentives for operators who switch to more environmentally friendly vehicles.

13.9 The current ACTION framework is comprised of 347 fleet buses plus 16 special needs transport buses. As at 18 November 2003, 32 buses are wheelchair accessible, not including the additional buses to be purchased through the Government’s bus fleet replacement program. As at 30 June 2003, ACTION had 319 bus drivers (Full Time Equivalents); and 110.8 (Part/Time) and for the financial year 2002-2003, ACTION carried 16.3 million passengers. In addition to ACTION, the ACT is serviced by Deane’s Buslines, which operates route services between Queanbeyan and Canberra, and the Airport Shuttle. Deane’s Buslines provides regular route services to/from Queanbeyan under a service contract with the Road Transport Authority and is accredited as a regular route service operator by the Road Transport Authority. Deane’s accreditation includes 22 buses (Deane’s is also accredited as a tour and charter operator).
13.10 From 24 November 2003, sixty-seven (67) bus routes will be operating, with the most patronised routes for the first quarter of 2003–04, being (Table 13):  

Table 13 Most Patronised ACTION Bus Routes First Quarter 2003-2004

<table>
<thead>
<tr>
<th>Area</th>
<th>Route</th>
<th>Patronage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belconnen</td>
<td>80</td>
<td>91,548</td>
</tr>
<tr>
<td>Express</td>
<td>49</td>
<td>11,202</td>
</tr>
<tr>
<td>Gungahlin</td>
<td>56</td>
<td>70,479</td>
</tr>
<tr>
<td>Inner City</td>
<td>34</td>
<td>145,043</td>
</tr>
<tr>
<td></td>
<td>38</td>
<td>289,067</td>
</tr>
<tr>
<td>Intertown</td>
<td>312</td>
<td>221,945</td>
</tr>
<tr>
<td></td>
<td>313</td>
<td>295,806</td>
</tr>
<tr>
<td></td>
<td>314</td>
<td>276,700</td>
</tr>
<tr>
<td></td>
<td>315</td>
<td>244,094</td>
</tr>
<tr>
<td>Tuggeranong</td>
<td>63</td>
<td>52,794</td>
</tr>
</tbody>
</table>

13.11 It had been suggested during the course of the public hearings of this Inquiry that it might be possible to provide ACTION services free of charge and that savings made on the collection of fares would offset the revenue lost. The ACT Government will provide to ACTION $49.218 million of its overall estimated $67.123 million revenue for 2003-2004 (the 2003-2004 budget papers show an estimated $16.208 million to be collected in fares during 2003-2004  

the Minister for Planning on 17 November 2003 advised the Committee that ‘this year ACTION’s budget for fares revenue is $15.3 million). On 17 November 2003 the Minister for Planning provided the Committee with an itemised list of all of the costs involved in collecting fares for ACTION services as shown in Table 14:

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132 Minister for Planning information to the Committee on 27 November 2003.

Table 14 Avoidable Costs of Collecting Fares

<table>
<thead>
<tr>
<th>Tickets:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agent’s commission (sale of tickets)</td>
<td>$555,000</td>
</tr>
<tr>
<td>Staff administration (delivery &amp; replacement)</td>
<td>$50,000</td>
</tr>
<tr>
<td>Sales staff (Belconnen interchange – 2 * ASO2)</td>
<td>$88,000</td>
</tr>
<tr>
<td>Cost of ticket stock</td>
<td>$171,000</td>
</tr>
<tr>
<td></td>
<td><strong>$864,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Security:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash collections at depots and interchanges</td>
<td><strong>$112,200</strong></td>
</tr>
<tr>
<td>(Chubb)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ticketing System:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Repairs &amp; maintenance - cost of replacement</td>
<td>$65,000</td>
</tr>
<tr>
<td>parts</td>
<td></td>
</tr>
<tr>
<td>Electronics staff (50% of 2 X GSO6)</td>
<td>$53,000</td>
</tr>
<tr>
<td>Driver sign on and off time saving (ten</td>
<td>$440,000</td>
</tr>
<tr>
<td>minutes per shift)</td>
<td><strong>$558,000</strong></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,534,200</strong></td>
</tr>
</tbody>
</table>

13.12 The Committee concurs at this time that ‘based on the potential cost savings from the removal of fares, the net benefit to the budget of the current arrangement is approximately $14.0 million. This is a significant amount of additional funds that would need to be provided annually to ACTION from the ACT Budget that could have been used for other purposes such as Health and Education’134.

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134 Advice to the Committee by the Minister for Planning 17 November 2003.
13.13 The cross border trial between the ACT and Queanbeyan commenced in July 2001 and ended in December 2002. In November 2002, the Road Transport Authority and NSW Department of Transport invited stakeholders from ACT and Queanbeyan including insurance industries, and tourism and disability groups to participate in the evaluation of cross border taxi arrangements. Cross border taxi arrangements were formalised early in 2003, allowing ACT taxis and Queanbeyan taxis to operate in both jurisdictions without imposing additional regulatory costs on the taxi services. The Queanbeyan fleet of 16 taxis are required to use NSW determined fares (which are similar to ACT rates) when they operate in the ACT\textsuperscript{135}. Some of the exemption powers under the Road Transport (Public Passenger Services) Act 2001 were utilised as part of the formalised cross border taxi arrangements with NSW, thus realising the Freehill’s recommendation on a single regime of taxi services for the ACT/Queanbeyan region\textsuperscript{136}. Further, ‘provisions addressing licence quota restrictions, licence categories and accreditation are contained in the Road Transport (Public Passenger Services) Amendment Bill 2003.

13.14 Cross border restrictions have been effectively removed through the implementation of arrangements requiring Queanbeyan taxis to become accredited in the ACT and legal instruments which exempt Queanbeyan Cabs from the requirement to become an accredited network in the ACT. The Committee contemplated if the fact that Queanbeyan Cabs operating in the ACT, however marginal it might be at present, might be an issue the National Competition Council would consider as the ACT having satisfied elements of progress toward a competitive market. If the ACT Government were to focus on a region wide approach in respect of the public transport industry instead of just restricting the focus to the borders of the ACT, then it could be said that there are elements of competition already existing in the ACT.

13.15 The Committee did not address the issues of either school bus services or special bus services for the elderly, attending day centres, nor specific transport needs for clients of the public hospital rehabilitation service. Nor did the Committee consider the special needs of children attending special schools.

\textsuperscript{135} Department of Urban Services Submission of 3 October 2003 to the Committee, page 5.
\textsuperscript{136} Department of Urban Services Submission of 3 October 2003 to the Committee, page 12.
RECOMMENDATIONS

1. The Committee recommends that all feasibility studies for a sustainable and integrated transport system for the ACT should include Hall and outlying areas and suburbs.

2. The Committee recommends that concessions on registration should be offered to those operators who elect to use energy efficient cars, such as those with hybrid engines or those that use alternative fuels such as biodiesel.
PART 6 - CONCLUSIONS
14. Conclusions

14.1 The Committee has concluded the major issue is not whether the taxi and hire car industry should be reformed but rather what is a reasonable, sensible approach to reform. It is now eight years since the ACT agreed to review the taxi and hire car industry. Two major independent reviews and an Assembly committee review of the hire car industry have preceded this Inquiry. The Government asserts that its reform program incorporates the vast majority, though not all, of the recommendations from those reviews. This Committee has no intention to extend and exacerbate the climate of uncertainty that has characterised the industry for many years.

14.2 The Committee contends that successive ACT Governments have mishandled the taxi and hire car industry and have failed to provide a fair and workable solution that provided a high-level certainty and ease of entry to and exit from the industry. This is in part due to the single bureaucracy (Department of Urban Services) that has consistently provided such advice on structural adjustment and microeconomic reform that has led to the malaise that exists now. The Committee also contends that this advice and lack of enforcement of the legislation by the Department of Urban Services has contributed to the continuation of a monopolistic framework in the ACT taxi industry and the general stagnation in the capital worth of licence plates in both the taxi and the hire car industry.

14.3 While the current legislation does not allow for an operator to hold a taxi licence and a hire car licence at the same time, it does not impose any restrictions on the number of taxi and hire car licences that can be owned by an individual. It also does not prohibit the entry to the Canberra market of another despatch network (provided that network is accredited by the ACT Government), but allows for an independent determination of ACT taxi fares, and has provided for security cameras in taxis, taximeter standards and taxi network performance standards. However, the Committee contends that while ever the ACT has a ceiling on the number of cabs that are allowed to operate, this provides the Aerial Taxi Cabs Co-operative Society Limited the opportunity to exercise considerable control over exit and entry to the ACT taxi industry and the costs thereof, by virtue of the fact that the Co-operative owns the despatch network.

14.4 The Committee has agreed that the proposal for change will have the following negative impacts:

- plate owners losing up to 75 percent of the capital value of their plates through a forced valuation process;
• a deleterious effect on those who have planned on self funded retirement from ownership of the plates;

• a two unequal classes of licence, the perpetual licence and others, creating an exit system for those with perpetual licences, leaving others adversely affected by uncertain market forces;

• the opportunity for the current taxi monopoly to control market entry and exit by freezing the membership of its Co-operative; and

• a reaffirmation of the Department of Urban Services policy and administrative approach which shows as weak in enforcing compliance of the legislation and standards.

14.5 The Committee contends that any system of deregulation and regulation in the taxi and hire car industry should not have as its aim to raise revenue, but should be there to provide an accessible, affordable, sustainable transport system to the consumer. Entry fees to the market should be set at levels that encourage entry, and cover most of the cost of government administration and there should be compensation for taxi and hire-vehicle holders because of loss of value of licences from the ‘open entry’ system.

14.6 The Committee therefore strongly advocates structural adjustment for the industry. Consistent with the findings of the Freehill’s report, the Committee feels that the legislation must invoke the Government’s power for a taxi network communications provider to obtain a Taxi Network Contract\textsuperscript{137}, or to meet taxi network accreditation. This is a critical element for any deregulated market in Canberra to operate effectively, because otherwise the current taxi network provider could cripple any entry and exit through its power to either accept or deny membership to the Co-operative. Freehill’s stipulated that a principal network contract/accreditation should include ‘objectives that would shift some responsibility for enforcing adequate accreditation, driver authorisation and vehicle standards onto the networks, with the principal network contract including 24-hour 7 day a week booking services, complaints handling procedures, public liability insurance coverage, and at least during the first years of reform, a minimum of approximately 15 taxis per network. For non-dominant networks, minimum response time standards should be removed or sufficiently reduced to facilitate new entry at the network level. In order to provide for an important source of competition to the Aerial network to emerge, consideration should be given to proposals,

such as that put by the Queanbeyan Taxi Co-Operative Limited (Queanbeyan Taxis), to establish a new taxi network communications service in the ACT.\textsuperscript{138}

14.7 The Taxi Network Contract must be complemented by an immediate abolition of perpetual licences for both the taxi and the hire car industry must occur as a foundation for productivity, a level playing field, long term viability of the industry, entry to the industry on an equal cost basis. The Government must implement a system that provides improved coverage of services for the consumer and gives assurance of an orderly release of plates so that the industry does not suffer regular investor failure.

**RECOMMENDATIONS**

1. **The Committee recommends that the ACT Government should:**
   - interpret ‘community wide’ as region wide because of the cross border issues with NSW;
   - work with the NSW Government to create a greater choice for consumers through a single taxi and hire car regulatory regime, as well as encouraging other network providers to come into the market;
   - apply the Competition Principles Agreement to continuously assess whether the public passenger market provides services that meet customer expectations; show evidence of a competitive, sustainable, demand responsive and adaptable industry over the long term; produces adequate job opportunities for taxi drivers and operators, and hire car operators; and
   - provide transport choices and ensure the transport system provides affordable transport and a reasonable level of equity of access to all sectors of the community.

2. **The Committee recommends that the ACT needs a Road Transport (Public Passenger Services) Amendment Bill 2003, but that the ACT Government not proceed with the legislation in its current form.**

3. **The Committee recommends that a new Bill must be drafted to reflect an integrated sustainable transport approach, and include such changes as have been recommended in this Report, to prevent any further

\textsuperscript{138} Final Report, National Competition Policy Review of the ACT Taxi and Hire Car legislation March 2000 FRG Freehill’s Regulatory Group, Prepared for the ACT Department of Urban Services, pages 3-4.
delay in urgently needed structural adjustment in the ACT public transport industry.

4. The Committee recommends that in the practical implementation, the final Sustainable Transport Plan for the ACT will:

a. locate ‘trip generators’ such as hospitals, schools, shops and community centres close to centres with good accessibility for public transport, walking and cycling;

b. focus jobs in centres or corridors with good accessibility;

c. facilitate mixed-use centres and housing in established houses with good accessibility;

d. ensure people have transport choice in new ‘greenfields’ housing and access to shopping and sports facilities;

e. shape parking policies to support public transport use, walking and cycling;

f. encourage job innovations to reduce the need to travel, for example telecentres or working from home;

g. match the location of freight generators to their transport needs;

h. package urban development and transport investment in identified corridors;

i. require regulation of development by the Land Development Agency and the ACT Planning and Land Authority to help manage transport demand; and

j. ensure integrated transport and land use planning and renewable and sustainable energy principles (cars are responsible for seventy-seven percent of road transport and nineteen per cent of total greenhouse gas emissions in the ACT\textsuperscript{139} into decision-making.

# Appendix 1 – Public Hearings 31 October 2003 and 7 November 2003-List of Witnesses

<table>
<thead>
<tr>
<th>Title</th>
<th>1st name</th>
<th>2nd name</th>
<th>Position/Organisation</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr</td>
<td>Mick</td>
<td>Lilley</td>
<td>Division Director Macquarie Bank Limited Investment Banking Group</td>
<td>31 October 2003</td>
</tr>
<tr>
<td>Mr</td>
<td>Roger</td>
<td>Lloyd</td>
<td>Senior Manager Macquarie Bank Limited Investment Banking Group</td>
<td>31 October 2003</td>
</tr>
<tr>
<td>Mr</td>
<td>John</td>
<td>Muir</td>
<td>Chief Executive Canberra Cabs Canberra Taxi Proprietor’s Association Limited</td>
<td>31 October 2003</td>
</tr>
<tr>
<td>Professor</td>
<td>Desmond</td>
<td>Nicholls</td>
<td>Canberra Cabs Canberra Taxi Proprietor’s Association Limited</td>
<td>31 October 2003</td>
</tr>
<tr>
<td>Mr</td>
<td>David</td>
<td>Willetts</td>
<td>Managing Director C-B-D Chauffeured Transport Dallarooma Pty Ltd</td>
<td>31 October 2003</td>
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<tr>
<td>Mr</td>
<td>Warren</td>
<td>Scanes</td>
<td>Business Manager C-B-D Chauffeured Transport Dallarooma Pty Ltd</td>
<td>31 October 2003</td>
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<tr>
<td>Mr</td>
<td>Bert</td>
<td>Trener</td>
<td>President Chauffeured Limousine (Private Hire Cars) Owners and Operators of the ACT &amp; Queanbeyan</td>
<td>31 October 2003</td>
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<td>Mr</td>
<td>Howard</td>
<td>Garnier</td>
<td>Secretary Chauffeured Limousine (Private Hire Cars) Owners and Operators of the ACT &amp; Queanbeyan</td>
<td>31 October 2003</td>
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<td>Ms</td>
<td>Laraine</td>
<td>Stephenson</td>
<td>Treasurer Chauffeured Limousine (Private Hire Cars) Owners and Operators of the ACT &amp; Queanbeyan</td>
<td>31 October 2003</td>
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<tr>
<td>Ms</td>
<td>Gabry</td>
<td>Borzatti</td>
<td>Taxi Owner</td>
<td>31 October 2003</td>
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<td>Name</td>
<td>Relationship</td>
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<tr>
<td>Mr Ian Barras</td>
<td>Individual</td>
<td>Taxi Owner</td>
<td>31 October 2003</td>
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<tr>
<td>Mr Chris Emery</td>
<td>Individual</td>
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<td>7 November 2003</td>
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<tr>
<td>Ms Bernice Costello</td>
<td>Joint Owner of two hire car plates</td>
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<td>7 November 2003</td>
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<tr>
<td>Ms Chris Windsor</td>
<td>Taxi Industry Licence Holder</td>
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<td>7 November 2003</td>
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<tr>
<td>Mr John McKeough</td>
<td>Taxi Proprietor</td>
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<td>7 November 2003</td>
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<td>Mr Denis Moulen</td>
<td>National Capital Limousines</td>
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<tr>
<td>Mr Phil Button</td>
<td>Taxi Owner</td>
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<td>7 November 2003</td>
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<tr>
<td>Mr Barry Jarman</td>
<td>Taxi Proprietor</td>
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<td>Mr Graeme Windsor</td>
<td>Taxi Industry Licence Holder</td>
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<td>7 November 2003</td>
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<td>Minister Bill Wood MLA</td>
<td>Minister for Urban Services</td>
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<td>7 November 2003</td>
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<tr>
<td>Mr Brian MacDonald</td>
<td>General Manager, Road Transport, Department of Urban Services</td>
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<td>7 November 2003</td>
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<tr>
<td>Minister Simon Corbell MLA</td>
<td>Minister for Planning</td>
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<td>7 November 2003</td>
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## Appendix 2 - Submissions Received by the Committee

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<tr>
<th>Individual/Organisation</th>
<th>Summary of Issues/Concerns</th>
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| 1. Mr Tim McGhie        | - Failure of Aerial taxi cabs to provide adequate service  
                          - Pre booking service does not work  
                          - Aerial Taxi Cabs Ltd is a lazy monopoly |
| 2. Canberra Cabs        | **Main Submission**-
                          ACT Taxi Industry has undergone many reviews from 1995 onwards driven by the National Competition Policy between the ACT and Federal Government; ACT Government announced that “deregulation is dead” following Independent Competition and Regulatory Commission (ICRC); Auction of taxi Plates; Accreditation; Regulation should remain; If deregulation is introduced, ACT taxi Industry will seek compensation; Current service adequately provides for parents of children under 2; Small number of WAT hirings; Ongoing Taxi industry linked to sustainable transport policy; deregulation will lead to collapse of the Aerial Co-operative  
                          **Attachments to Main Submission:**  
                          - Inadequate performance of Wheelchair Accessible Taxis (WAT): Refusal of WAT hiring by various taxi operators-various letters to Brian Macdonald RTA  
                          - National Competition Policy Review of the ACT Taxi & Hire Car Industries - October 1999- Submission by Canberra Taxi Proprietors Association & Aerial Taxi cabs Co-operative Society Limited  
                          - ICRC Issues Paper Determination of Prices for Taxi Services January 2001- Submission by Canberra Taxi Proprietors Association & Aerial Taxi cabs Co-operative Society Limited  
                          - ICRC Draft Report- Determination of Prices for Taxi Services May 2001- Submission by Canberra Taxi Proprietors Association & Aerial Taxi cabs Co-operative Society Limited  
                          - ICRC Issues Paper Determination of Prices for taxi Services November 2001- Submission by Canberra Taxi Proprietors Association & Aerial Taxi Cabs Co-operative Society Limited- February 2002  
                          - Review of the Future Direction of the ACT Taxi & Hire Car Industry February 2002- Submission by Canberra Taxi Proprietors Association & Aerial Taxi Cabs Co-operative Society Limited  
                          - Compensation Issues-The ACT Taxi Industry: Professor Des Nicholls- 24 July 2003  
                          - QLD Government to defy Federal Government National Competition Policy and maintain regulated taxi industry-Media Release-Premier of QLD- 31 August 2003  
                          - The Role of the Public Interest in the Application of the National Competition Policy to the Australian Taxi Industry-Prof Des Nicholls-September 2003 |
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<td>The Impact of deregulation on the NT Commercial Passenger Vehicle Industry-Prof Des Nicholls- February 2003</td>
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| 3. | Restricted Hire Vehicle Collective | • Bill does not include any ‘objects’  
• Does this reflect policy bureaucrats disregard for consumer choice and service operators  
• No consultation re new transport policy with community, tourism, consumer groups etc |
|   |   |   |
| 4. | Mr Denis O’Brien | • Current problems in the industry can be attributed to a former Liberal Minister for Urban Services  
• Minister Wood has proclaimed that ‘deregulation’ is dead- therefore does the proposed legislation achieve this outcome?  
• Proposed legislation removes both Clauses that currently regulate the number of taxis |
|   |   |   |
| 5. | Mr Bill Stefaniak MLA  
Member for Ginninderra  
Deputy Opposition Leader; Shadow Attorney General; Shadow Minister for Sport & Recreation, The Arts, Gaming & Racing | • Representations from the taxi industry want the ICRC & NCC off their backs  
• Hard to make a living in the industry  
• Canberra taxi service is very efficient |
|   |   |   |
| 6. | Mr Barry & Mrs Christine Harney | • People in the industry are tired of uncertainty.  
• Provisions for the auctioning of taxi & hire care licences should be determined by need and financial viability for the operators.  
• A committee representing government, the public and taxi industry including drivers’ representatives should be reinstated answering to the Minister. |
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|   |   |   |
| 7. | Mr Stanley Woo | • Disagrees with proposal to introduce more taxi plates which is based on the demand of buyers rather then the demand of consumers. |
|   |   |   |
| 8. | Mrs Elizabeth Gunn | • Supports the deregulation of taxis in the ACT due to the failure of Canberra Taxi’s to meet its commitment to pick up 9 passengers at a pre-arranged time on Saturday 9 August 2003, despite maxi cab been booked one week in advance. |
|   |   |   |
| 9. | Mr Ross Pearson | • Supports retention of current regulatory framework as the current taxi service exceeds the service standards imposed by the ACT Government. |</p>
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<tr>
<th>Individual/Organisation</th>
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<tr>
<td>10. Mr Alan Priest</td>
<td>Owner Operator since 1988</td>
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<td>Concerned re current situation; Government decisions have caused unrest</td>
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<td>Understands that if Bill is passed, will create a deregulated system, and this will be detrimental to ACT Taxi Industry, because it will jeopardise the financial security of the owner operators</td>
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<td>Will result in lower returns because there will be more drivers in the industry</td>
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<td>Standards of service to the public will drop</td>
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<td>13. Brian and Sheila Hodgson</td>
<td>1994 purchased an ACT Taxi for $300,000</td>
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<td>Victim of Government policy 1995 that 15 Plates would be issued over 3 years, which resulted in value of taxi Plates falling to $160,000</td>
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<td>Wheel chair access-of 25 restricted taxis, only half are driven by the lease holder</td>
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<td>History shows that there is no room for other operators, e.g., failure of Yellow Cabs to enter the Canberra market</td>
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<td>Accreditation introduced, but additional plates continue to be issued</td>
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<td>Lack of confidence in the ACT taxi Industry caused by actions of ACT Bureaucracy- many drivers are leaving, but we do not want similar situation to NSW &amp; VIC where taxi drivers can't speak or understand English</td>
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<td>Retain Ministerial responsibility for issuing of Taxi Plates</td>
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<td>Private sector operation is an option, but ACT does not need additional licence plates issued each year</td>
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<td>Concern that the National Competition Commission placing significant pressure on ACT Government to dismantle the ACT taxi Industry</td>
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<td>ACT Government could consider buying back the Plates, because many who have invested in the taxi &amp; Hire Car Industry cannot leave the industry</td>
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<td>Canberra public only makes non-regular or occasional use of taxis, with outer areas difficult to service</td>
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<td>Drivers work for 50% of the taxi's earnings, so drivers will not stay when other jobs offer better conditions</td>
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<td>14. Chris Emery</td>
<td>Advocates that all bus fares be eliminated, based on a number of arguments including that ACTION of receives 21% of its revenue from fares; some taxpayers are being forced to pay for something they don't use.</td>
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<tr>
<td>Individual/Organisation</td>
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| 15. Eugene & Bernice Costello | • Joint owners of 2 hire car plates, both on long term lease contracts  
• Unstable circumstances surrounding the Hire Car Industry over past four years, Costello’s investment has no value  
• Need to be able to sell plates to fund retirement; cannot retire until plates can be sold for at least amount of original investment; cannot implement a retirement plan  
• Lease fee for each plate was $1,300.00 per month, but now much reduced due to instability in industry  
• Current situation leading to long term contracts no being sought or taken on  
• Lessee has indicated that if the industry is deregulated, annual Hire Car licenses would be $400.00 to $500.00 per month |
| 16. Mr Phil Button | • Taxi Owner  
• Written submission being prepared and requests to present submission in person to the Committee  
• Concerned about viability and future of the taxi industry in Canberra |
| 17. Macquarie Bank  
Mr Mick Lilley Director  
Investment Banking Group  
Macquarie Bank Limited  
Investment Banking Group  
and Mr Roger Lloyd  
Senior Manager  
Investment Banking Group | • ACT Government is trying to reduce barriers to entry in the taxi and hire car industry  
• Has prepared a proposal in consultation with ACT Government; Taxi industry; Hire Car Industry & National Competition Council  
• Stakeholders agree that if Government deregulates, then compensation to existing perpetual licence holders for cancellation of licences; Govt to issue periodic licences to accredited drivers; Taxi Fund to have right to future licence fees over a defined term  
(COMMERCIAL IN CONFIDENCE SUBMISSION) |
| 18. Mr Denis O’Brien | The formula underlying the release of taxi plates makes no attempt to match the supply of taxis with the community demand for taxis  
• Draft Bill sets a reserve price for the auctions that de-escalates over time  
• How will the process for the continuous release of taxi plates under the draft Bill be reconciled with a sustainable public transport policy that includes a viable taxi industry  
• How will accreditation and compliance and fare setting processes provide for a financial viable taxi industry  
• What will be the scope and value of compensation under a new scheme |
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<td></td>
<td>Taxis a preferred form of transport over buses</td>
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<td>Draft Bill has nothing to do with consistent level of satisfaction with ACT taxi service recorded over a period of time</td>
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<td>Sole purpose of the proposed taxi reforms is to ensure that ACT Government gets its share of Federal Government National Competition Council funding</td>
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<td>Ageing population will need a viable appropriate standard of taxi service, that is safe, reliable and affordable</td>
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<td>Tourism and business markets</td>
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<td>19.</td>
<td>Mr John McKeough</td>
<td>Taxi Proprietor involved in taxi industry for 40 years</td>
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<td>Have regard for sustainability in long term plan for transport, including taxi, hire care, small passenger</td>
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<td>NT has issued a cap on taxi licence numbers</td>
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<td>QLD will not deregulate its taxi industry</td>
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<td>Draft Bill mandates an increase in the size of the ACT taxi fleet annually from five to ten percent; licences to be auctioned and subject to decreasing reserve price</td>
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<td>Restrictions are impossible to apply- should be able to operate as full taxis when needed</td>
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<td>Leasing of taxi licences is of no benefit to the industry or the public</td>
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<td>Service delivery standard for WATs is below acceptable standards</td>
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<td>Recommends basically no change to current arrangements</td>
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<td>20.</td>
<td>Ms Margaret Drosdeck</td>
<td>Please save her Family Business, namely the Taxi Plate</td>
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<td>Taxi owners do not have a licence to print money</td>
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<td>Taxi owner in the ACT for 30 years</td>
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<td>ACT has failed to provide a fair &amp; efficient service to the ACT and Queanbeyan</td>
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<td>Draft Bill will reduce already undervalued price of a Taxi Plate</td>
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| **21. Ms Gabry Borzatti** | • Daughter of parents who owned a taxi, and now a taxi plate owner herself with her husband (she is a lawyer), since 2000  
• Deregulation a cloud over the taxi industry, having an adverse effect on the taxi industry- Draft Bill will make it a reality- but this will not support a sustainable transport plan  
• Taxi service industry does not lend itself to deregulation  
• Draft Bill does not allow for a relationship between the issue of taxi licences and demand for taxi services, and there is no reference to accreditation standards of the service benchmarks they prescribe  
• Draft Bill empowers Road Transport Authority to issue restricted licences  
• Competition is not a viable option with only 243 taxis, even if the standard fleet of 217 is increased arbitrarily by 5% to 10%  
• Canberra Cabs is an integral part of ACT tourism industry- tourism would be ruined by implementation of Draft Bill  
• Melbourne has no service for parents carrying children under two years old  
• NSW has limited service for parents carrying children under two years old  
• No public benefit in deregulation for deregulations sake  
• ACT taxi industry is the only industry where the Government effectively dictates profit margins and imposes service standards and then develops a reform package to erode financial viability  
• Revitalise the ‘TIAC’ (Taxi Industry Advisory Council) to determine no. of taxi licences; advise the Minister on the no. of taxi plates to be released at auction; advise the Minister on fares |
| **22. ACTION**  
Guy Thurston  
Chief Executive | • Responds to Sustainable Public Transport Strategy  
• Taxis, hire cars and small passenger vehicles can provide alternate transport options for the community  
• Buses should remain the mainstream public transport system for the ACT  
• ACTION is investigating the provision of more flexible transport services  
• ACTION values support from taxis, hire cars and small passenger vehicles as part of flexible travel services- would encourage an alliance between the ACTION and these companies |
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| 23. Mr Robert Macaulay  | • Owner/operator of stretch limousine licence plate  
|                         | • Condemns successive ACT Governments for mishandling and bungling the taxi and hire car industry issues  
|                         | • Selling the plate is now an impossibility  
|                         | • Deregulation must be accompanied by adequate compensation, and a ‘buy-back’ scheme  
|                         | • Draft Bill does not make allowance for a stretch limousine, because deals with sedans (luxury and a set wheel base) |
| 24. Mrs Chris Windsor   | • Business partner with husband who is in the taxi industry  
|                         | • Implementation of the Draft Bill will be done in a most reprehensible and underhand way  
|                         | • Successive ACT Governments have eroded her earning base  
|                         | • Current arrangements incorporate plenty of competition in the taxi industry  
|                         | • Canberra Cabs always receive high performance satisfaction from surveys, but Department of Urban Services ignores the achievements of the taxi industry  
|                         | • Department of Urban Services has an unprofessional bias against the taxi industry- Department of Urban Services entered into discussions with a financial institution about a taxi buy-back scheme without consultation with the taxi industry  
|                         | • Establish a Taxi Advisory Council with reps from govt, industry, consumers, disability services and unions  
|                         | • Licence values are not related to fares  
|                         | • Voluntary plate buy-back at market value (value before threats of deregulation were mooted) |
| 25. Mr & Mrs Graeme & Chris Windsor | • A ‘Mum & Dad’ small business based in Canberra  
|                         | • Embarked in 1986 to plan & own their own taxi business  
|                         | • Purchased 2 taxi licences each in 1992  
|                         | • Department of Urban Services cannot be trusted to behave responsibly in respect of auctioning taxi & hire car licences  
|                         | • Currently an oversupply of WATs  
|                         | • If ACT Government wishes to allow the market for licences to determine |
demand, it has a moral responsibility to consider driver remuneration and conditions-plate issue should be based on taxi passenger demand

- Quantity of plates released at auction sales should only be related to demonstrated usage demand figures
- Gold Coast taxis have plate values of $500,000 and WAT licences transferable at $300,000
- A sustainable transport strategy for the ACT must be a strategy that ensures people in the ACT (residents and visitors) have a reasonable, affordable, suitable means of moving around with safety- Draft Bill will null this
- Current taxi service is self-administering
- National Competition Policy requires Governments to reform legislation to restrict competition
- If Bill proceeds, must be accompanied by adequate compensation
- Originally Canberra Cabs subsidised WAT service, but now too many in the ACT to make it work; Canberra Cabs provides an excellent service for parents carrying children under 2 years old
- Same recommendations as per submission No. 24

| 26. | Mr Gary and Laraine Stephenson | Owner of Hire Car plate for past 10 years
- A number of ACT Government failures in respect to hire car plates-failure to police the industry for illegal operators; failure to finalise hire car accreditation; allowing new competition to the hire cars with extremely reduced licensing fees (e.g. NSW Government)
- The 3 existing Queanbeyan hire car plates have permission to work in the ACT, but NSW Government has offered hire car owners equity in a Taxi Plate based on price paid for the hire car plate compared to the price of a Taxi plate at the same time |

| 27. | Stewart Limousines Nora Stewart, Director | Owner/operators of hire car plate for past 16 years, but in past 5 years have advertised every week to sell the plate- but no one wants to invest
- ACT Governments have failed to address situation and created high levels of uncertainty
- ACT Government made a poor decision to change bus legislation to allow 6-9 seaters on MO plates to do charter work
- ACT still only has 2 ‘H’ plated Stretch Limousines, because there are still many illegal ones doing their work
- No clarity on what the market price is
- If draft Bill is implemented, best solution is to have Buy-Back perpetual plates and reissue on an annual lease system to create a level playing field for all to enter the system |
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<td><strong>28. Chauffeured Limousine (Private Hire Cars) Owners and Operators of the ACT and Queanbeyan</strong></td>
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<td>• NSW Government compensation package could jeopardise ACT industry re Queanbeyan operators</td>
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<td>• Current arrangements provide a high quality competitive Hire Car Industry</td>
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<td>• Current arrangement to remain, because to change will destroy current viability, competitiveness, and quality, standards, and safety regulations</td>
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<td>• A significant public benefit would come from freeing up the taxi industry than the Hire Car industry - but ACT Government is not proposing a <strong>genuine</strong> opening up of the taxi industry</td>
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<td>• Implement a hire car vehicle accreditation system to balance demand &amp; supply for particular occasions</td>
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<td>• Deregulation must be supported by adequate compensation</td>
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<td>• Department of Urban Services must apply regulations rigorously to ensure compliance</td>
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<td><strong>29. Mr Arthur Allan</strong></td>
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<td>• Has been in the taxi industry since 1971</td>
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<td>• Owner operators &amp; drivers are concerned for their livelihood</td>
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<td>• ACT Government has previously advised that it wants to reduce licence plate values, increase the number of cabs &amp; reduce fares</td>
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<td>• Fare are related to running costs</td>
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<td>• Too many cabs is bad for the public because the drivers will only want the good fares</td>
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<td>• Too many plates will drop the service level, and the drivers and operators returns will be lower</td>
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<td>• Many drivers have left the industry because of poor rates, long hours, no superannuation, reduced incomes, no holidays, no sick leave or pay, GST (Goods and Services Tax) has forced drivers to operate on very slim margins-harder than ever to turn a profit</td>
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<td>• Outside investors are bad for the taxi business</td>
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| 30. Department of Urban Services-Alan Thompson, Chief Executive ACT Government Minister for Urban Services Mr Bill Wood MLA | Submission includes information on history & structure of the industry, a summary of reviews undertaken, & progress of the reform to date, direction and objectives of the reform program, including the ACT obligations under the National Competition Principles Agreement.  
  
  Taxi service in the ACT from 1956/Hire Car licences since 1965  
  
  1990, Govt commenced public auctions for taxi licences  
  
  Current- taxi cannot be used as a hire car, & hire car licences are perpetual  
  
  217 taxi licences- approx ½ leased by taxi operators; 22 perpetual ACT hire car licences  
  
  26 Restricted Taxi Licences  
  
  Queanbeyan fleet of 16 taxis operate in the ACT through Restricted Taxi Licences; 3 hire cars permitted to operate in the ACT  
  
  Minister determines numbers of taxi & hire car licences. Canberra Times 4/10/03 ICRC following reference received from Minister for Urban Services, now seeking submissions re the prices for taxi services in the ACT for 1/07/2004 to 30/06/07  
  
  Proposed reform- accreditation; categories of restricted hire cars; staged release of additional taxi & hire car licences  
  
  NCC review started in 1999-report 2000-2002 review-there needs to be regular, predictable releases of licences, using strategies such as formulas to lock in reforms  
  
  Planning & Urban Services Committee- report no. 80 of 30 August 2001-no new hire car licences to be issued; no new NSW hire cars be allowed to operate in the ACT; hire car driver licensing requirements strengthened; restricted hire car licences number plates be designed to reflect the restrictions  
  
  ICRC: 2001 WATs issue; 2002 overall review. Taxi hirings declined; regulated environment of continual annual fare increases without compensating improvements in service quality, will not assist the industry.  
  
  2001 Act – concept of passenger services and accreditation of bus operators  
  
  Sustainable Transport Plan- reduce private vehicles, move more to public transport & walking  
  
  Transitional & Structural Adjustment Arrangements |
<table>
<thead>
<tr>
<th>Individual/Organisation</th>
<th>Summary of Issues/Concerns</th>
</tr>
</thead>
</table>
| 31. National Capital Limousines  
Mr Denis Moulen | • Concerns about Section 130 of the 1999 Road Transport Act which does not distinguish between limousines & standard vehicles  
• Anomalies- annual operator licence fee of $142 for part time Restricted Hire Vehicle (RHV) operators is comparable with the operator licence fee of approx. $500 for a full time H car operator. A saleable perpetual H car plate is $100,000, or alternately $10,000 annual lease cost  
• Concerned that ACT Chief Minister is being poorly advised by staff in Road Transport Authority (RTA)  
• Quota restrictions prohibit the availability of consumer services  
• Consumers are not being served because 3 of the 5 RHV stretch limousines have already exhausted the quota test & are now prohibited by the RTA rules from supplying any services other than weddings and school formals until 1 January 2004, & will not be available to consumers through the festive season. 2 remaining RHV limos are likely to be out of quota soon, and only 2 stretch limos will remain to supply service to ACT |
| 32. Mr Barry Jarman  
Taxi Proprietor | • Shares same concerns as those of submissions number 19.  
• Keen to provide oral evidence to the Committee |
| 33. Mr Bob Edwards and Pam Edwards  
Owner of Taxi plate since 1993 | • Owner of Taxi plate since 1993  
• Status Quo must remain- proposed change will destroy viability and competitive taxi industry  
• If deregulation implemented, there must be compensation, rigorous regulation and policing for compliance, an assurance for licence holders and drivers to earn a liveable income  
• Lower fare will not increase patronage, and ACT Government must not overlook ongoing problem of ACTION to attract increased usage  
• Taxi plates must be released based on need |
| 34. ACT Government Minister for Planning  
Mr Simon Corbell MLA | • ACT Planning and Land Authority supports the Amendment Bill as it is in line with the thrust of the Sustainable Transport Plan  
• It is expected that due to the aging of the population, the demand for public transport will increase in the future-makes role of wheel-chair accessible taxis more important  
• Taxis and hire cars are part of the public transport system  
• Taxis are an expensive form of transport-refer ‘The Costing of Passenger
Transport in the ACT

- ACT Transport Demand Elasticities Study concluded that there is little competition between buses and taxis & that they are not substitutes for each other
- Proposal to release several licenses each year allows the taxi industry to adjust to increasing competition without undue hardship to current owners of taxi licenses

| 35. | Mr Ross Allen | • Has been in the industry since 1988
  • Concerned about introduction of more taxi plates because taxi industry will endure severe negative impact
  • Taxi industry already adversely affected because since 2002, 100% increase in Workers’ Compensation premiums; LPG prices risen; ICRC approved 3% increase in fares; difficult to find drivers to work 12 hour shifts with no superannuation, sick leave annual leave; oversupply of WATs |

| 36. | C-B-D Chauffeured Transport Dallarooma Pty Ltd | • C-B-D Chauffeured Transport operating since February 1997-family business
  • Diverse fleet to satisfy wide sector of the community- 7 hire cars; 1 stretch limousine; 3 small passenger vehicles; 4 light buses and 2 medium buses
  • Problems about proposed legislation in number of seats a vehicle has to have to define it as a small bus- needs a ‘grandfather clause’ to be incorporated. Public should not be prevented from hiring a chauffer driven Tarago just because of bad legislation
  • Need to have legislation that caters for 6-9 seat passenger vehicles carrying out charter work, OR change the minimum seating regulations so they slot into the MO plated bust category
  • Licensing, accreditation, and policing for compliance must be mandatory
  • Cross border issues- what is the legislation that allows the three Queanbeyan plated hire cars to operate in the ACT?- MUST be addressed before any new legislation is implemented
  • Many road transport charges are unfair to the industry and discourage public usage
  • Hire car plate owners and the Limousine Industry Association do not represent majority of operators in the ACT-remove ‘investors’ through legislation and legislate for annual hire car plates & scrap perpetual plates, with no compensation – to comply with the spirit of the National Competition Policy
  • Does not support the Limousines Industry Association’s submission to the Committee and Competition from Comcar is a problem |

| Individual/Organisation | Summary of Issues/Concerns |
Mr Brian Ogle
Owner/Operator
Helped build the taxi industry in ACT
Appalled at the disregard the Govt has for his small business
Quarterly fleet inspections undertaken by the co-operative & agreement between owners and operators not to change shifts during the 3.00pm – 5.00pm period on week days
Over supply of taxi plates will destroy his superannuation and also the ACT Taxi industry

Mr Bob McMullan MP
Shadow Minister for Finance
Shadow Minister for Indigenous Affairs
Federal Member for Fraser
Submission on behalf of a number of individual constituents and local industry organisations who are involved in the ACT taxi and hire car services industry to ask the Committee to ensure that they receive equitable and fair consideration as the Committee deliberates on the evidence related to this Inquiry.

COMMITTEE INVITATION FOR SUBMISSIONS to PEAK COUNCILS

<table>
<thead>
<tr>
<th>Individual/Organisation</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms Nicola Davies</td>
<td>Did not provide submission</td>
</tr>
<tr>
<td>Director, Conservation Council of the South East Region and Canberra</td>
<td></td>
</tr>
<tr>
<td>Mr Peter Moore</td>
<td>Did not provide submission</td>
</tr>
<tr>
<td>Executive Director, International Association of Public Transport (Australia/New Zealand)</td>
<td></td>
</tr>
<tr>
<td>Mr Christopher Peters</td>
<td>Did not provide submission</td>
</tr>
<tr>
<td>Chief Executive, ACT &amp; Region Chamber of Commerce &amp; Industry</td>
<td></td>
</tr>
<tr>
<td>Mr John Miller</td>
<td>Did not provide submission</td>
</tr>
<tr>
<td>Executive Director</td>
<td></td>
</tr>
<tr>
<td>Canberra Business Council</td>
<td></td>
</tr>
<tr>
<td>National Association Centre</td>
<td></td>
</tr>
<tr>
<td>Mr Robert van Aalst</td>
<td>Did not provide submission</td>
</tr>
<tr>
<td>Executive Officer, Australian Capital Region Development Council</td>
<td></td>
</tr>
</tbody>
</table>
Appendix 3 – Reform Agenda to Date
<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>RECOMMENDATIONS ABOUT QUALITY OF SERVICE/SAFETY</th>
<th>IMPLEMENTED/INDUSTRY &amp; MARKET IMPACT</th>
<th>RECOMMENDATIONS ABOUT ENTRY/ACCESS TO THE INDUSTRY &amp; MORE DEREGULATION/COMPETITION</th>
<th>IMPLEMENTED/INDUSTRY &amp; MARKET IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxi and hire car commercial operating framework</td>
<td>Service constraints- The review team recommends that constraints on the permissible purpose of the SCPV (hire vehicle) licences and permitted multiple hire if the hirer's approval is granted</td>
<td>The Amendment Bill 2003 retains 4 licence categories as it is necessary to retain the restricted hire car category while ever hire car licences are not freely available as low cost licence.</td>
<td>The legislation restricts competition in these market segments in a number of ways. The principal competitive restrictions are in the areas of constraints on supply of licences and fare regulation.</td>
<td>The Amendment Bill 2003 addresses issue of constraint on supply of licence.</td>
</tr>
<tr>
<td>Taxi and hire car commercial operating framework</td>
<td>Licence categories: The review team recommends that the number of licence categories should be linked to three: SCPV (taxi) licences for operators in the cruising and pre-booked market segments; SCPV (hire vehicle) licences for SCPV operators in the pre-booked market segments only; SCPV (WAT) licences for wheelchair accessible licences</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxi and hire car commercial operating framework</td>
<td>Quota restrictions: The review team recommends that licence supply constraints be removed or loosened through transition arrangements, noting that the review team has a preference for removal of supply constraints as per Option A as detailed in the report. The review team recommends that should transitional adjustments to licence supply constraints be pursued by the ACT Government, a further review be conducted</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxi and hire car commercial operating framework</td>
<td>Licence release arrangements proposed as part of Amendment Bill 2003.</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
Within 5 years.

From another review: Of greatest impact are the constraints on supply. The review found that the licence quota restrictions do not address legislative objectives and impose substantial costs on consumers and potentially on other participants in the industry such as drivers.

<table>
<thead>
<tr>
<th>Taxi and Hire car commercial operating framework</th>
<th>Issuing Licences-The review team recommends that the role of regulator in attempting to balance supply and demand should be removed and the regulator should issue licences on demand subject to the applicant satisfying the appropriate licence holder and operator accreditation provisions, vehicle requirements, and payment of an appropriately costed annual licence fee.</th>
<th>Licence release arrangements proposed as part of Amendment Bill 2003.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxi and Hire car commercial operating framework</td>
<td>Licence Fees-The review team recommends that licence fees should be set at full cost recovery to ensure proper administration and enforcement of the legislation. Reserve Price- the review team recommends repeal of the provisions establishing a reserve price for taxi licence defined rights and the legislated payment of $60,000 for hire car licences.</td>
<td>Arrangements proposed as part of Amendment Bill 2003</td>
</tr>
</tbody>
</table>

Repealed under Road Transport legislation package in 2000
| **Taxi and Hire car commercial operating framework** | **Limits on ownership** | The review team recommends that the limitations on the number of taxi and hire car licences that a person may own, currently set at two, should be removed along with the prohibition on cross-ownership between taxi licences and hire car licences. |
| **Taxi and Hire car commercial operating framework** | **Constraints on mode of hiring** | The review team recommends that constraints on the mode of hiring be retained so that SCPV (taxis) are allowed to operate in the cruising and pre-booked market segments and SCPV (hire vehicles) are restricted to operating in the pre-booked market segment only. SCPV (taxi) should require the vehicle to have appropriate external identification and metering requirements and to be affiliated with a contracted/accredited network. |
| **Taxi and Hire car commercial operating framework** | **Airport Rank** | The progress re taxi and hire car companies and government re ranking at the airport, taking into account objectives of the NCP. |
| **Taxi and Hire car commercial operating framework** | **Leasing** | The review team recommends that while market values of licences remain high, leasing should be permitted in order to facilitate entry to operators or drivers who cannot afford the high capital costs. Leasing arrangements are not constrained under current legislative requirements. Legislation allows operation by accredited operators who may not necessarily be able to enter market through purchase of a licence. |
Taxi and Hire car commercial operating framework

Fare regulation: If maximum fare regulation is maintained, fare methodology needs to be examined to establish more efficient pricing.

The review team recommends that accredited taxi networks be subject to a fare approval regime, through which the regulator approves fares on a reasonable cost recover basis. SCPV (taxis) should still be required to post their approved fares inside the vehicle and to maintain taximeters and should not be prohibited from posting fares on the outside of the vehicle. Accredited taxi networks should be required to advertise their approved fare in a local paper. The review team recommends that in order to protect against price exploitation, the current maximum fare should remain the maximum until adequate new entry has occurred, with amendments to the current methodology to achieve more efficient pricing.

The review team recommends that SCPV (hire vehicles) should not be subject to fare approval regulation, except possibly at the airport rank. Accordingly during the initial years of open entry, consideration should be given to limiting the classes of vehicle permitted to be used under the SCPV (hire vehicle) licence.

Independent Competition and Regulatory Commission investigates and gives price directions for maximum taxi fares. Requirements under Road Transport (Public Passenger Services) Act 2001 and Regulations for taxis to display maximum fares.

Maximum fares are Disallowable Instruments and as such are publicly available and also provided on DUS taxi services website.

Hire vehicles fares are not regulated.

Taxi fares are publicly available to consumers through a number of electronic and print media.

Consumers are advised of hire car prices as part of booking services and consumer choice.
### Taxi and Hire car commercial operating framework

The review team recommends that DUS and the NSW DoT should enter discussions with a view to establishing a single regime of taxi and hire car vehicle regulations for the region. The review team recommends that, consistent with IPART’s recommendations that the regulation of NSW regional taxi sectors be devolved to local councils, the ACT legislation should be regarded as the preferred governing legislation.

### Taxis

**Vehicle Standards**

- The review team recommends industry consultation be pursued to assess the case for requiring additional driver protection features in vehicles, such as security cameras and/or other driver safety requirements.

- The review team recommends retaining existing taximeter requirements for SCPV (taxis) with greater flexibility for security cameras in taxis implemented 2002. RTA sets minimum standards for equipment.

- Vehicle age for taxis (WATs) currently under review to bring into line with other jurisdictions. All public vehicles are annually inspected for roadworthy requirements as part of registration.

ALL Queanbeyan taxi operators accredited under the Road Transport (Public Passenger Services) Act 2001.

Cross border taxi arrangements implemented between ACT and NSW. Road Transport (Public Passenger Services) Act 2001 and Regulations removed impediments to cross border operations.

Amendment Bill 2003 would establish framework to allow similar formal cross border arrangements for hire cars.

The Amendment legislation may contribute to Aerial Taxi Cabs Co-operative Society Limited's (Aerial) monopoly in this market.
'approved' fare structures to be registered. The review team recommends that vehicle age restrictions be reduced or removed and replaced with requirements to have all licensed vehicles tested periodically every six months or annually, to ensure that relevant roadworthy, safety and quality standards are met.

<table>
<thead>
<tr>
<th>Taxis</th>
<th>Licence holder and operator accreditation-The review team recommends that the operator and licence holder accreditation requirements should be retained and that the power of the Registrar to establish and amend a regime of operator and licence-holder accreditation should be expressly clarified in the legislation.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Operator and Network accreditation provided for under Road Transport (Public Passenger Services) Act 2001 and Regulations.</td>
</tr>
<tr>
<td></td>
<td>Licence holders not required to be accredited (unless operating), as this would provide entry restriction to market with no public benefit.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Taxis</th>
<th>Driver conduct-the review team recommends that as entry at the accredited taxi network level increases, consumers should be made more aware of their right to choose any vehicle on the rank so as to Hirers of taxis may choose any taxi on rank. This is legislatively provided for under Road Transport (Public Passenger Services) Regulations 2002. The removal of taxi drivers' option of refusing a hiring (between ACT and Queanbeyan region) was</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taxi network contracts-the review team recommends that the regulator's power to require a taxi network communications provider to obtain a network contract or taxi network accreditation should be expressly provided for in the legislation.</td>
</tr>
<tr>
<td></td>
<td>Network accreditation is required under the Road Transport (Public Passenger Services) Act 2001.</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th><strong>Taxis</strong></th>
<th>Taxi network contracts-The review team recommends that the principal network contract requirements should include 24-hour 7-day a week booking services, complaints handling procedures, a vehicle safety and maintenance program, public liability insurance coverage, and at least during the first years of reform minimum of 15 taxis per network. In order to facilitate entry, response time standard should be amended for non-dominant networks. Proposals to establish additional networks, such as Queanbeyan Taxis, should be adopted if the contract/accreditation requirements are met.</th>
<th>Under the Road Transport (Public Passenger Services) Act 2001 and Regulations 2002, a network must become accredited and comply with these requirements (number of taxis is not specified). Should a 2nd network seek accreditation, DUS would consider amending response time Standards for non-dominant network.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Taxis/hire cars</strong></td>
<td>The review team recommends that the legislation should be amended to clarify the powers</td>
<td>Driver licensing for public vehicles in other jurisdictions is recognised under the Road Transport (Driver Licensing) Act 2001. The legislation imposes a net cost on the community known as the deadweight loss through the creation of transferable permits.</td>
</tr>
</tbody>
</table>
amended to clarify the powers of the registrar to impose driver authorisation provisions and that the driver authorisation requirements should be made more rigorous in some respects, such as mandatory training and stricter assessment. The review team recommends that consideration could also be given to requiring drivers of SCPV (hire vehicles) to undertake mandatory training or at least to pass a driver's assessment. The review team recommends that mutual recognition should be established between ACT and Queanbeyan authorised drivers.

| Hire Cars | Distinctive and clearly visible hire plates be required for each category of hire vehicle and special permit holder and that all applicable licences and permits must be displayed on a New licence category arrangements recommended as part of Amendment Bill 2003. Self-adhesive labels for Weddings and School Formals category agreed with industry. | In determining the future shape of the hire car industry in the ACT, the government give priority to providing a period of stability in which current licence holders have the opportunity to plan/consolidate their positions | Arrangements proposed as part of Amendment Bill 2003 – staged release of licences over transitional period. |

| All applicants for public vehicle driver licence endorsements are required to do assessments. Minimum training requirements are specified for specific categories, eg WAT – competent to transport people with disabilities, new taxi entrants must complete WAT load and secure component. | through the creation of transferable perpetual licences and concomitantly restricting the supply of licences Licence term and transferability-The review team recommends that licences should be issued for limited periods, such as for one, two or three year terms and should not be transferable, noting that if controls on supply of licences remain, licences should remain transferable subject to the appropriate transfer eligibility requirements The deadweight loss (estimated to be approximately $407,000 per annum for taxis and $55,000 per annum for hire car licence quota restrictions) and transfer of wealth from consumers to taxi licence owners and lessees and hire car licence holders (estimated to be around $5.6 million per annum for taxis and $286,000 per annum for hire cars) are primarily attributable to licence quota constraints, which inflate the value of licences; reduce potential total hirings; and raise fare levels | |

| the Road Transport (Driver Licensing) Regulations 2000. | |

| | | | |
The committee considers that the hire plates for each category of vehicle should be a different colour so as to be easily visible. They also should carry an appropriate designation, eg ‘H’ for hire cars and ‘RHV’ for restricted hire cars.

| Hire Cars | Advertising of hire car services must include the licence and other permit numbers held by the advertiser and relevant to the service being advertised. | Amendment Bill 2003 and Regulations to provide offences for pretending to be an accredited hire car operator and advertising without displaying an accreditation number. | That deregulation of the hire car industry not take place and that no new licence plates be issued at this time. | Licence release arrangements proposed as part of Amendment Bill 2003 |
| Hire Cars | The regulation of hire car licences should include a requirement that the vehicle operator has appropriate insurance; has demonstrated a knowledge of the streets and roads of the ACT; has some elementary mechanical knowledge and possesses a first aid certificate. Hire vehicles should also provide child and infant seats and restraints on request and comply with any other government safety requirements. |
| Insurance requirements for operators have always been provided for in legislation. |
| In the event the government considers that compliance with the national Competition Principles Agreement requires deregulation of the hire car industry to take place, then the government should establish a fair and equitable transition process involving appropriate compensation to existing licence holders. |
| Government reform program includes structural adjustment arrangements to assist industry adjust to any increased competition. |

| Hire Cars | That hire car operators should be required to inform clients of the cost of hire before travel commences |
| Pre-booked service only (there is no ranking or hailing provisions for hire cars) so cost of transport is part of consumer choice. |
| That the ACT Government liaise with the federal government in an effort to replace the current practice whereby Comcar controls private hiring for Commonwealth agencies by a system which would enable private hire companies to deal directly with federal agencies. |
| Comcar transport is prescribed by Federal legislation and needs are peculiar to the agency requirements (i.e. security checks, close personal security protection). |

<p>| Hire Cars | Government reform program includes structural adjustment arrangements to assist industry adjust to any increased competition. |
| Comcar are not permitted under any circumstances to take Cabcharge as previously permitted and general public servants are not permitted to utilise Comcar. |</p>
<table>
<thead>
<tr>
<th>Hire Cars</th>
<th>That the licence plates of RHVs being used on just a few occasions a year clearly identify this usage by an appropriate designation on the place (such as RHV-P).</th>
<th>Removal of this category proposed as part of Amendment Bill 2003.</th>
<th>The three existing NSW hire car operators be permitted to operate in the ACT but that no further approvals for NSW-plated hire cars be issued</th>
<th>Amendment Bill 2003 would provide framework for putting formal arrangements in place for ACT/Queanbeyan hire car region.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hire Cars</td>
<td>That the licence plates of RHVs being used for specific types of functions or activities on an annual basis (such as school formals and weddings) clearly indicate that the vehicle is to be used solely for the particular market specified in the licence.</td>
<td>Special categories of RHV licences are provided for under the Amendment Bill 2003 and Regulations. Tourist Services will be required to display &quot;TS&quot; number plates for identification. Stay fast labels will be provided for the Wedding and School Formal category.</td>
<td>That hire cars be permitted to rank at the Canberra Casino</td>
<td>Legislation has always prohibited ranking of hire cars as the work is from the pre-booked market. Hire Car ranks at the Airport are on Commonwealth land and as a result of internal arrangements with Airport management.</td>
</tr>
</tbody>
</table>
Appendix 4

Table 1: Purchase Prices Paid by Hire Car Owners Between 1987 and 2000

<table>
<thead>
<tr>
<th>Year licence obtained</th>
<th>Numbers of licences</th>
<th>Price</th>
<th>Purchased from</th>
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</thead>
<tbody>
<tr>
<td>1987</td>
<td>1</td>
<td>$75,000</td>
<td>Private sales</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>$78,000</td>
<td>Private sales</td>
</tr>
<tr>
<td>1988</td>
<td>1</td>
<td>$85,000</td>
<td>Private sales</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>$95,000</td>
<td>Private sales</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>$97,000</td>
<td>Private sales</td>
</tr>
<tr>
<td>1989</td>
<td>1</td>
<td>$85,000</td>
<td>Private sales</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>$100,000</td>
<td>Private sales</td>
</tr>
<tr>
<td>1992</td>
<td>1</td>
<td>$90,000</td>
<td>Private sales</td>
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<tr>
<td>1993</td>
<td>1</td>
<td>$110,000</td>
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<tr>
<td></td>
<td>1</td>
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<td>1995</td>
<td>1</td>
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<tr>
<td></td>
<td>2</td>
<td>$120,000</td>
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<tr>
<td></td>
<td>1</td>
<td>$90,000</td>
<td>Private sales</td>
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<tr>
<td>1996</td>
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<td>1997</td>
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<td></td>
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<td>1998</td>
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<tr>
<td>1999</td>
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<tr>
<td>2000</td>
<td>1</td>
<td>$120,000</td>
<td>Private sales</td>
</tr>
</tbody>
</table>
## Appendix 5

### Table 4: Sale of Licences Between 1990 and 2002

<table>
<thead>
<tr>
<th>Year licence obtained</th>
<th>Numbers of licences</th>
<th>Price (does not include taxi vehicle nor cooperative membership fee)</th>
<th>Purchased from</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>2</td>
<td>$130,000</td>
<td>Govt (auction)</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>$135,000</td>
<td>Govt (auction)</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>Est $130,000 to $150,000</td>
<td>Private Sales</td>
</tr>
<tr>
<td>1991</td>
<td>1</td>
<td>$160,000</td>
<td>Govt (auction)</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>Est $160,000 to $180,000</td>
<td>Private sales</td>
</tr>
<tr>
<td>1992</td>
<td>14</td>
<td>Est $200,000</td>
<td>Private sales</td>
</tr>
<tr>
<td>1993</td>
<td>1</td>
<td>$216,000</td>
<td>Govt (auction)</td>
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<td>Govt (auction)</td>
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<td>1</td>
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<td></td>
<td>9</td>
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<tr>
<td>1994</td>
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<td>Govt (auction)</td>
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<td>1</td>
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<td>Govt (auction)</td>
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<tr>
<td></td>
<td>1</td>
<td>$243,000</td>
<td>Govt (auction)</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>$245,000</td>
<td>Govt (auction)</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>Est $240,000 to $250,000</td>
<td>Private sales</td>
</tr>
<tr>
<td>Year</td>
<td>Quantity</td>
<td>Estimate</td>
<td>Method of Sale</td>
</tr>
<tr>
<td>------</td>
<td>----------</td>
<td>----------</td>
<td>----------------</td>
</tr>
<tr>
<td>1995</td>
<td>5</td>
<td>$155,000</td>
<td>Govt (auction)</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>$160,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>$170,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>$180,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>$190,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Est $200,000</td>
<td>Private sales</td>
</tr>
<tr>
<td>1996</td>
<td>8</td>
<td>Est $200,000</td>
<td>Private sales</td>
</tr>
<tr>
<td>1997</td>
<td>17</td>
<td>Est $210,000</td>
<td>Private sales</td>
</tr>
<tr>
<td>1998</td>
<td>14</td>
<td>Est $240,000 to $260,000</td>
<td>Private sales</td>
</tr>
<tr>
<td>1999</td>
<td>11</td>
<td>Est $240,000 to $260,000</td>
<td>Private sales</td>
</tr>
<tr>
<td>2000</td>
<td>9</td>
<td>Est $240,000 to $260,000</td>
<td>Private sales</td>
</tr>
<tr>
<td>2001</td>
<td>15</td>
<td>Est $250,000</td>
<td>Private sales</td>
</tr>
<tr>
<td>2002</td>
<td>6</td>
<td>Est $215,000 to $245,000</td>
<td>Private sales</td>
</tr>
</tbody>
</table>

**Overall Picture**

i) Before Government auctions began (i.e. pre 1990)

- 66 current owners paid less than $120,000

ii) 1990 (when Government auctions began) to 1995 inclusive

- 29 current owners paid $130,000 to $190,000
- 42 current owners paid $200,000 to $245,000

iii) 1996 to 2002

- 80 current owners paid $200,000 to $260,000

[Source: ACT Department of Urban Services 7 November 2003]
## Appendix 6

Table 5: Costs of Registration for a Taxi in the ACT Compared to Leasing

<table>
<thead>
<tr>
<th>Taxi Registration</th>
<th>Leasing a Taxi</th>
</tr>
</thead>
<tbody>
<tr>
<td>up to $7,500.00 (including compulsory third party insurance of $1,630.00)</td>
<td>Lease fee of around $22,000 per annum. The annual lease fee paid by a taxi operator to a taxi licence owner is a commercial transaction subject to negotiation but the rate paid ranges from between $26,000 to $20,000.</td>
</tr>
<tr>
<td>$864.00 is refundable if a claim has not been made against the policy at the end of the registration period.</td>
<td></td>
</tr>
<tr>
<td>The registration fee for taxis with a tare weight between 1155kg and 1504kg is $338.00 or $270.00 with a gas concession. The registration fee for taxis with a tare weight between 1505kg and 4500kg is $496.00 or $396.80 with a gas concession.</td>
<td></td>
</tr>
<tr>
<td>Compulsory accreditation fee is $350 per taxi.</td>
<td></td>
</tr>
<tr>
<td>Road Rescue contribution of $16.00 and $2 road safety contribution to fund road rescue services including road accident rescue, pre-hospital paramedic care, and transport associated with road accidents</td>
<td></td>
</tr>
<tr>
<td>Government charges between $638 to $864 per annum. The Government’s costs are less than 4% of the lease fee</td>
<td></td>
</tr>
<tr>
<td>vehicle operating costs ($31,000)</td>
<td>vehicle operating costs ($31,000)</td>
</tr>
<tr>
<td>vehicle fixed costs ($24,000)</td>
<td>vehicle fixed costs ($24,000)</td>
</tr>
<tr>
<td>network affiliation costs ($13,000)</td>
<td>network affiliation costs ($13,000)</td>
</tr>
</tbody>
</table>

[The Department of Urban Services collects insurance premiums, Road Rescue contributions. Taxis converted to LPG are eligible for a discount on registration fees.]
## Appendix 7

Table 8: Model for a Viable Standard Taxi Compared with a WAT

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fixed Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operator expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicle capital costs</td>
<td>6271</td>
<td>12096</td>
<td>6271</td>
<td>12096</td>
</tr>
<tr>
<td>Vehicle registration costs</td>
<td>6850</td>
<td>6937</td>
<td>6850</td>
<td>6937</td>
</tr>
<tr>
<td>Driver’s licence and medical</td>
<td>62</td>
<td>62</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Comprehensive insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demurrage insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Network Fees</td>
<td>8640</td>
<td>9075</td>
<td>8640</td>
<td>9075</td>
</tr>
<tr>
<td>Uniform</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office/miscellaneous expenses</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
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<tr>
<td>Administration labour</td>
<td>13153</td>
<td>13153</td>
<td>13153</td>
<td>13153</td>
</tr>
<tr>
<td>Subtotal</td>
<td>2271</td>
<td>2271</td>
<td>2271</td>
<td>2271</td>
</tr>
<tr>
<td>Driver Expense</td>
<td>1807</td>
<td>1807</td>
<td>1807</td>
<td>1807</td>
</tr>
<tr>
<td>Driver’s licence and medical Uniform</td>
<td>39523</td>
<td>45870</td>
<td>39292</td>
<td>45639</td>
</tr>
<tr>
<td>Administration labour</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>124</td>
<td>124</td>
<td>186</td>
<td>186</td>
</tr>
<tr>
<td>Fixed Costs Subtotal</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>338</td>
<td>338</td>
<td>507</td>
<td>507</td>
</tr>
<tr>
<td></td>
<td>1404</td>
<td>1404</td>
<td>2106</td>
<td>2106</td>
</tr>
<tr>
<td></td>
<td>1866</td>
<td>1866</td>
<td>2799</td>
<td>2799</td>
</tr>
<tr>
<td></td>
<td><strong>41389</strong></td>
<td><strong>47736</strong></td>
<td><strong>42091</strong></td>
<td><strong>48438</strong></td>
</tr>
<tr>
<td><strong>Variable Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operator Expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel</td>
<td>11038</td>
<td>13835</td>
<td>11038</td>
<td>13835</td>
</tr>
<tr>
<td>Tyres</td>
<td>1580</td>
<td>1464</td>
<td>1580</td>
<td>1464</td>
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<tr>
<td>Car washing</td>
<td>1136</td>
<td>1323</td>
<td>1136</td>
<td>1232</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>13647</td>
<td>13038</td>
<td>13647</td>
<td>13038</td>
</tr>
<tr>
<td>Driver earning</td>
<td>24207</td>
<td>24207</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Driver entitlements</td>
<td>6153</td>
<td>6153</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Worker’s compensation insurance</td>
<td>2336</td>
<td>2117</td>
<td>3304</td>
<td>3084</td>
</tr>
<tr>
<td>Income protection insurance</td>
<td>1077</td>
<td>1077</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Subtotal</td>
<td>61154</td>
<td>63214</td>
<td>30705</td>
<td>32661</td>
</tr>
<tr>
<td>Driver Expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Driver earnings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Driver Entitlements</td>
<td>56517</td>
<td>51044</td>
<td>80717</td>
<td>75237</td>
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<tr>
<td>Subtotal</td>
<td>14049</td>
<td>12700</td>
<td>20101</td>
<td>18750</td>
</tr>
<tr>
<td></td>
<td><strong>70566</strong></td>
<td><strong>63744</strong></td>
<td><strong>100818</strong></td>
<td><strong>93987</strong></td>
</tr>
<tr>
<td>Variable Costs Subtotal</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>131720</strong></td>
<td><strong>126958</strong></td>
<td><strong>173614</strong></td>
<td><strong>126648</strong></td>
</tr>
<tr>
<td>TOTAL</td>
<td>173109</td>
<td>174694</td>
<td>173614</td>
<td>175086</td>
</tr>
</tbody>
</table>
Table 9: Acceptable Solutions in Legislation

<table>
<thead>
<tr>
<th>Taxi Industry</th>
<th>Hire Car Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Definitions</strong></td>
<td><strong>Definitions</strong></td>
</tr>
<tr>
<td>No definitional issues</td>
<td>Clarify definition for tour/sightseeing charter for MO Plates and Small Buses</td>
</tr>
<tr>
<td></td>
<td>Remove restrictions of what an H Plates should be. H Plates should able to be applied to any vehicle including vehicles such as a Tarago, Chrysler Voyager, limousine, a mini bus or a stretch limousine. A stretch limousine should not be classified by the number of seats it contains</td>
</tr>
<tr>
<td><strong>Competition</strong></td>
<td><strong>Competition</strong></td>
</tr>
<tr>
<td>No further competition in the industry with no further despatch networks to be allowed into the system to maintain a single network provider</td>
<td>Equitable entry to the industry everyone to compete equally in a level playing field, to provide for a competitive, vibrant, and productive industry, but establish a sensible point of entry so that the market is not absolutely burgeoning with plates, but is kept at a practical level.</td>
</tr>
<tr>
<td>No more plates for WATs to be issued-maintain current number</td>
<td>The RHVC believe that the government should cancel all existing hire car ‘H’ plates and negotiate settlements to create an even playing field for existing and new participants in the industry.</td>
</tr>
<tr>
<td>Create a Taxi Advisory Council to regulate number of licence plates to be released at auction every year and to set fares, replacing the role of the ICRC</td>
<td>RHVs support the elimination of restrictions on ‘H’ and ‘RHV’ licences in the ACT and to re-establish commercially viable regimes for both will benefit both operators and the consumer.</td>
</tr>
<tr>
<td></td>
<td>Abolish current quota system for number of times licence can be used in any year.</td>
</tr>
</tbody>
</table>
Buy-back Scheme—Government to buy-back licences from all existing taxi and hire car licence owners for an amount equal to the average price paid during the 2002 year, or the actual price paid, if this exceeds the average price. The offer to stay in force for 3 years and would be voluntary. Owners to have the option to retain their licence or sell on the open market.

In conjunction with the buy-back of licences, the Government to offer for annual lease unrestricted taxi and hire car licences to all existing owners who sell back and to drivers and lessees currently operating. Further annual licences could be made available to new entrants. Annual licences in the restricted categories should continue to be available on application subject to accreditation.

<table>
<thead>
<tr>
<th>Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation to be based on Freehills Report and ICRC recommendations and not on Government proposal to distribute net proceeds of the sale at auction of taxi plates each year.</td>
</tr>
<tr>
<td>Compensation to current taxi licence holders must include an adequate amount for the damage caused to the standard by 20 new WAT cabs and 16 Queanbeyan Cabs that have adversely affected the incomes and capital value of 218 standard plate owners.</td>
</tr>
<tr>
<td>Only a guarantee by the ACT Government to taxi licensees of a no capital loss amount will be acceptable.</td>
</tr>
</tbody>
</table>

Compensation

ACT Government buy-back scheme that will provide for plates to be leased
Compliance/Enforcement

WATs should be not permitted to reject a WAT hiring

DUS must actively support the taxi network in its efforts to deliver a quality taxi service to the disabled community.

Compliance/Enforcement

Introduce properly enforced compliance framework for Restricted Hire Vehicles (RHV) directed at unlicensed operators because industry compliance costs pertain primarily to the operation of wedding cars. In recognition of this fact, the wedding car industry should be opened up to all vehicles providing that they meet Department of Transport standards for those operators, and are fully insured.

Accreditation

This is not required to be part of the legislation as the CTPA already has its own form of accreditation, because it sets the standards of service quality, fleet and driver presentation, driver behaviour, discipline and it maintains order within the industry with day to day management of the industry.

Accreditation

Hire car industry has been seeking accreditation through regulation since 1999.

This must be the mechanism to set and maintain standards within a wider plan for public passenger transport in the ACT.
## Appendix 9

Table 11: Regulatory Mechanisms for Public Passenger Transport

<table>
<thead>
<tr>
<th>Market Segment</th>
<th>Regulatory Mechanism (purpose of mechanism in brackets)</th>
</tr>
</thead>
<tbody>
<tr>
<td>‘Hail a ride’ / ‘rank’ services</td>
<td></td>
</tr>
</tbody>
</table>
| Taxis | • Licensing (restricts entry to market)  
| | • Accreditation (requires maintenance of minimum/enforceable standards)  
| | • Affiliation with accredited network (provides access to 24 hour booking service, requires maintenance of minimum / enforceable standards)  
| | • Fare setting (protects consumers) |
| | • Standard taxis, and  
| | • Restricted taxis (wheelchair accessible taxis, Queanbeyan taxis) |
| Regular route bus services | • Service contracts - non financial, reporting requirements, arrangements for notification of fares, routes etc (maintain public order by restricting competition on a route)  
| | • Accreditation (requires maintenance of minimum / enforceable standards)  
| | • Fare setting (protects consumers) |
| | • ACTION,  
| | • Deans Bus lines (services to/from Queanbeyan, Airport shuttle), and  
| | • Transborder (services to/from Yass) |
| Pre-booked services |  |
| Hire cars | • Licensing (restricts entry to market) |
| | • Unrestricted hire cars, and  
| | • Restricted hire cars (weddings & school formals, special occasion) |
| Taxis | • Licensing (restricts entry to market)  
| | • Accreditation (requires maintenance of minimum/enforceable standards)  
| | • Affiliation with accredited network (provides access to 24 hour booking service, requires maintenance of minimum / enforceable standards)  
| | • Fare setting (protects consumers) |
| | • Standard taxis, and  
| | • Restricted taxis (wheelchair accessible taxis, Queanbeyan taxis) |
| Tour & charter bus services (Eg Transborder, ACTION, Murrays, Keir’s, Dallarooma) | • Accreditation (requires maintenance of minimum / enforceable standards) |
## Appendix 10  Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>Australian Capital Territory</td>
</tr>
<tr>
<td>ACTION</td>
<td>Australian Capital Territory Internal Omnibus Network</td>
</tr>
<tr>
<td>ATIA</td>
<td>Australian Taxi Industry Association</td>
</tr>
<tr>
<td>CPA</td>
<td>Competition Principles Agreement</td>
</tr>
<tr>
<td>CPI</td>
<td>Consumer Price Index</td>
</tr>
<tr>
<td>CTPA</td>
<td>Canberra Taxi Proprietors’ Association Limited</td>
</tr>
<tr>
<td>DUS</td>
<td>ACT Government Department of Urban Services</td>
</tr>
<tr>
<td>FAG</td>
<td>Financial Assistance Grants</td>
</tr>
<tr>
<td>ICRC</td>
<td>Independent Competition and Regulatory Commission</td>
</tr>
<tr>
<td>KM</td>
<td>Kilometre</td>
</tr>
<tr>
<td>M</td>
<td>Million</td>
</tr>
<tr>
<td>MLA</td>
<td>Member of the Legislative Assembly</td>
</tr>
<tr>
<td>MO</td>
<td>Motor Omnibus</td>
</tr>
<tr>
<td>NCC</td>
<td>National Competition Council</td>
</tr>
<tr>
<td>NCP</td>
<td>National Competition Policy</td>
</tr>
<tr>
<td>NSW</td>
<td>New South Wales</td>
</tr>
<tr>
<td>RHV</td>
<td>Restricted Hire Vehicle Collective</td>
</tr>
<tr>
<td>RTA</td>
<td>Road Transport Authority</td>
</tr>
<tr>
<td>SCPV</td>
<td>Small Commercial Passenger Vehicle</td>
</tr>
<tr>
<td>SV</td>
<td>Special Vehicle</td>
</tr>
<tr>
<td>US</td>
<td>United States of America</td>
</tr>
<tr>
<td>WAT</td>
<td>Wheelchair Accessible Taxi</td>
</tr>
</tbody>
</table>