

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

**Paper 3 – Rural Taxis**

Department of Infrastructure, Energy and Resources

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*This is the third in a series of discussion papers to be produced by the Department of Infrastructure, Energy and Resources about the taxi industry.*

*These papers will address issues that were identified during the work of the Taxi Industry Review Group established in 1999 to review Tasmania's taxi legislation, as well as issues of ongoing interest.*

*The purpose of these papers is to seek input on these issues from members of the taxi industry, through the Taxi Industry Reference Group, and other interested stakeholders.*

*The issues in this paper are presented for discussion and do not represent Government policy.*

*The work of the Reference Group and the input from stakeholders will contribute to a process of rewriting the Taxi and Luxury Hire Car Industries Act 1995 and making new regulations to replace the Taxi Industry Regulations 1996 and the Taxi Industry (Taxi Areas) Regulations 1996, proposed for 2007.*

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## 1. Introduction

This paper is one of a series of discussion papers addressing issues that were identified during the work of the Taxi Industry Review Group, which was established in 1999 to review Tasmania's taxi legislation, and other issues of ongoing interest.

Recommendations from the Review Group resulted in the development of the *Taxi and Luxury Hire Car Industries Amendment Act 2003*, which was enacted in December 2003. The major features of the legislation included the requirement for new taxi licences to be made available every year, and provision for the introduction of wheelchair accessible taxis (WATs). During the Review several issues were identified that were outside the scope of the Review Group's Terms of Reference. These issues were to be addressed after the commencement of the new Act.

The Department of Infrastructure, Energy and Resources (DIER) has established a Taxi Industry Reference Group to provide advice on a range of issues affecting the industry, including the issues identified by the Review Group. Initially the issues considered by the Reference Group will be those which will inform a process of rewriting the *Taxi and Luxury Hire Car Industries Act 1995*, the *Taxi Industry Regulations 1996* and the *Taxi Industry (Taxi Areas) Regulations 1996* proposed to be completed in 2007. Further information on the Reference Group's work can be found in [Section 8](#).

This discussion paper is about the role and regulation of taxis in rural areas, and seeks further information on the operation of rural taxis. It will consider whether taxis in rural areas should be subject to the same regulations, including fare regimes, as taxis in the metropolitan areas and, if not, the issues that might be regulated differently. It will also examine issues around introducing WATs into rural areas, as well as the relationship between rural taxis and community transport providers. This issue has been raised as a result of the work undertaken as part of DIER's Rural Transport Solutions project (RTS), and concerns from the taxi industry about the impact of community transport on the work of taxis.

The RTS project aims to gain a more thorough insight into the key issues of rural transport services, through in-depth market research on views and perceptions of relevant stakeholders and an audit of community transport resources in the State. It is considering ways in which the Government might better coordinate community transport services to better meet users' needs and to provide a more efficient and effective service to the community.

As part of the RTS project, a major consultancy was undertaken in mid-2005<sup>1</sup> to, among other things, audit community transport providers in rural areas; and analyse the level of transport disadvantage and need for transport in these areas.

This research, which has not been published, will be drawn on extensively in this discussion paper in considering the operation of the taxi industry in regional areas, the needs of users, the views of the taxi industry and the adequacy of taxi services.

Taxi operators in non-metropolitan taxi areas will be encouraged to participate in the consideration of these issues. DIER intends to hold forums with rural operators, as part of the broader consultation with the taxi industry on the review of the legislation, to discuss the issues raised in this paper.

There will be links between the work undertaken in relation to the issues raised in this paper and issues that will be the subject of later discussion papers, including taxi areas and radio rooms.

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<sup>1</sup> SGS Economics & Planning and Myriad Research: *Rural Community Transport Audit & Review* Final Report, October 2005 (unpublished).

## 2. Background

### 2.1. Regulation of taxis in rural areas

The Tasmanian taxi industry is principally regulated through the *Taxi and Luxury Hire Car Industries Act 1995* (the Act) and the *Taxi Industry Regulations 1996* (the Taxi Industry Regulations), which are made under the Act.

#### 2.1.1. Taxi areas

The Act allows regulations to be made that prescribe parts of Tasmania as areas to which the Act applies<sup>2</sup>. Taxi areas are specified in the *Taxi Industry (Taxi Areas) Regulations 1996* (the Taxi Areas Regulations), which defines the taxi areas<sup>3</sup> and the assessed market value (AMV) of licences in each area<sup>4</sup>. The taxi areas as defined in the regulations are reproduced at [Appendix 2](#). A map of the taxi areas is at [Appendix 3](#).

The taxi areas of Hobart, Launceston, Devonport and Burnie are referred to as the metropolitan areas. The majority of Tasmanian taxi licences (342 of a total of 404 standard taxi licences plus all WAT licences) are operated within these areas. The remainder of the licences operate across the 20 non-metropolitan areas. For this purposes of this paper, taxis operating in the non-metropolitan areas are referred to as 'rural taxis'.

#### 2.1.2. Differences in regulation of non-metropolitan taxis

Legislated vehicle standards for taxis operating in non-metropolitan areas differ from those applied to taxis in the metropolitan areas. For instance, other than vehicles classified as luxury vehicles, a vehicle licensed as a metropolitan taxi for the first time cannot be more than five years of age, but in a non-metropolitan area it can be aged up to seven years<sup>5</sup>. Likewise, the maximum operating age for a rural taxi is ten years, as opposed to eight years for a metropolitan taxi<sup>6</sup>.

Operators of taxis in the metropolitan areas and in the Ulverstone taxi area are required to install security camera systems in the taxi<sup>7</sup>. This does not apply to rural taxi operators outside the Ulverstone taxi area.

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<sup>2</sup> *Taxi and Luxury Hire Car Industries Act 1995* (Tas), Schedule 3(a).

<sup>3</sup> *Taxi Industry (Taxi Areas) Regulations 1996* (Tas), Schedule 1.

<sup>4</sup> *ibid.*, Regulation 7.

<sup>5</sup> *Taxi Industry Regulations 1996* (Tas), Regulation 16 (2)(a).

<sup>6</sup> *ibid.*, Regulation 16 (3).

<sup>7</sup> *ibid.*, Regulation 28A(1).



### 2.1.3. Fares

Taxi fares are specified in Schedule 4 of the Taxi Industry Regulations. The Regulations specify four different fare structures, which apply to the metropolitan taxi areas and the Ulverstone taxi area; non-metropolitan taxi areas (excluding Ulverstone and King and Flinders Island); the islands; and wheelchair accessible taxis in the metropolitan areas. Table 1 summarises fares for standard taxi journeys.

**Table 1 – Taxi fare structure for *standard taxis* and wheelchair accessible taxis when undertaking *non-wheelchair work* with fewer than five passengers from 2 November 2005**

| Fare Component   | Tariff 1<br><i>(6.00 am to 8.00 pm<br/>Monday–Friday other<br/>than public holidays)</i> | Tariff 2<br><i>All other times</i>         |
|--|--|--|
| Flagfall   | \$3.00<br>\$4.40 <sup>A</sup>  | \$3.00<br>\$4.40 <sup>A</sup>              |
| Waiting Time (per hour)  | \$31.50<br>\$36.00 <sup>A</sup>  | \$31.50<br>\$36.00 <sup>A</sup>            |
| Non Metropolitan Taxi Area<br>Surcharge (midnight to 5:00 am for all<br>areas outside Hobart, Launceston,<br>Devonport and Burnie) | –  | \$2.60                                     |
|  | \$1.58   | \$1.89                                     |
| Distance Rate (per kilometre)  | \$1.54 <sup>B</sup><br>\$1.79 <sup>A</sup>   | \$1.86 <sup>B</sup><br>\$2.13 <sup>A</sup> |

<sup>A</sup> Applies to taxis operating on King Island or Flinders Island

<sup>B</sup> Applies to taxis operating under licences for taxi areas other than Hobart, Launceston, Burnie, Devonport, Ulverstone, King Island and Flinders Island.

Metropolitan taxi fares are 1.24 per cent higher than non-metropolitan fares. This is due to the mandatory introduction of security cameras into taxis in the metropolitan and Ulverstone taxi areas in 2003. The additional 1.24 per cent was intended to cover the cost of purchasing and installing the cameras.

Fares on King and Flinders Islands are higher than in other areas. This was intended to recognise the higher operating cost of taxis in these areas due to the cost of transporting consumables to the islands.

There is also a non-metropolitan taxi area surcharge of \$2.60, which is applied to all hirings undertaken between midnight and 5:00 am in the areas outside Hobart, Launceston, Devonport and Burnie.

## 2.2. Role of Government

The Government has an interest in the operation of the taxi industry as part of the passenger transport network insofar as it contributes to 'an effective internal and external transport and communications system that meets and responds to Tasmania's needs'<sup>8</sup>. The Government's interest in the taxi industry reflects its obligation under the Act to, among other things:

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

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

In rural areas, passenger transport services are not as readily available as in metropolitan areas. The Government therefore has an interest in ensuring that residents in these areas, especially those who are transport-disadvantaged, have access to transport so that they can participate in activities such as work, school and social activities; attend medical appointments; and so on.

The Government does not have a direct role in the provision of taxi services, but provides a significant financial investment in the taxi industry through the Transport Access Scheme (TAS). This scheme assists people who have a permanent and severe disability that prohibits independent access into the community. A large number of regular taxi users are TAS members. At 31 December 2005 there were over 12 000 TAS members eligible for taxi fare concessions, with almost 3 000 of these members registered as wheelchair-reliant.

Under the TAS, eligible members pay a reduced fare, with the balance – 50 per cent for trips in standard taxis and 60 per cent in WATs – paid by the Government. The 60 per cent subsidy is payable to TAS members that have been certified by a medical practitioner to be totally reliant on a wheelchair for mobility. Under the Taxi Industry Regulations the Government pays a trip subsidy to WAT operators for each trip undertaken by a wheelchair-reliant TAS member<sup>10</sup>.

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

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

<sup>10</sup> Taxi Industry Regulations, Regulation 28V.

From 1997–98 to 2004–05 government payments in the form of subsidised taxi fares and trip fees paid to WAT operators has grown from \$568 000 to \$2 015 000. Based on current demand trends, this is projected to increase to \$2.5 million in 2005-2006. Given that the TAS pays only 50 to 60 per cent of fares, taxi travel undertaken by TAS members represents about \$5 million to the taxi industry every year.

### 3. Rural taxi services

Taxis in rural areas operate under different conditions to those in urban areas due, among other things, to the smaller markets and the smaller number of taxis. This section outlines some of the ways in which rural taxi operations might differ from taxis in metropolitan areas.

#### 3.1. Structure of the rural taxi industry

As noted in Section 2.1.1, the majority of Tasmanian taxi licences are on issue in the four metropolitan areas. Table 2 outlines the number of taxi licences on issue in the non-metropolitan areas:

**Table 2 – Non-metropolitan taxi licences on issue in Tasmania (December 2005)**

| <b>Taxi Area</b>           | <b>Licences</b> | <b>Taxi Area</b>                | <b>Licences</b> |
|----------------------------|-----------------|---------------------------------|-----------------|
| New Norfolk                | 9               | King Island                     | 2               |
| Ulverstone                 | 7               | Meander                         | 2               |
| West Coast                 | 7               | Penguin                         | 2               |
| Perth                      | 6               | Tasman Peninsula                | 2               |
| Circular Head              | 5               | West Tamar                      | 2               |
| George Town                | 5               | Bruny Island                    | 1               |
| Break O'Day                | 3               | Flinders Island                 | 1               |
| Huon Valley                | 3               | Glamorgan/Spring Bay South      | 1               |
| Dorset                     | 2               | Central Highlands               | 0               |
| Glamorgan/Spring Bay North | 2               | Kentish                         | 0               |
|                            |                 | <b>Total non-metro licences</b> | <b>62</b>       |

Although there are 62 licences on issue, not all of these licences are actively operated, so there will be fewer than 62 taxis operating in the non-metropolitan areas across the state.

While Burnie and Devonport are classed as metropolitan areas, they have significantly fewer taxi licences on issue (22 in both areas) than the Launceston (91) and Hobart areas (207). Issues affecting the non-metropolitan areas might therefore also be relevant to these areas.

This might especially be the case for Burnie, as it is a geographically large taxi area, covering two centres about 20 kilometres apart, namely Burnie and Wynyard.

With the exception of the West Coast area, which has three licence owners, the licences in the non-metropolitan taxi areas are held by either a single licence owner (12 areas) or by two licence owners (five areas). At December 2005 there were only four areas in which licences were leased: New Norfolk (nine of nine), Perth (three of six), West Tamar (one of two) and King Island (one of two).

### 3.1.1. Questions

1. Should the Burnie and Devonport taxi areas be considered 'rural' taxi areas for the purposes of this paper?

## 3.2. Operating costs & returns

The operating costs of a taxi are different in rural areas than in metropolitan areas. As noted above, in most rural areas taxi licences are not leased, but owned by the operator. This changes the cost structure of operating a taxi, as operators are not required to pay lease rents to licence owners. Lease costs in Hobart are estimated at over \$200 per week, which represents a significant proportion of an operator's costs. Furthermore, licences in rural areas cost significantly less than in metropolitan areas<sup>11</sup>, which makes licence ownership more attainable for operators than in the more highly priced metropolitan areas. However, this reflects the lower income earning potential of those licences, due to lower levels of demand for taxi services. This is supported by the findings of the RTS review that over 95 per cent of rural residents own cars<sup>12</sup>.

The low level of take-up of new licences made available in the non-metropolitan areas by the Government in 2004 and 2005 indicates that even at very low prices, these licences are not highly sought after and that rural taxi operations may not be particularly profitable. This is the case in Victoria, where the Essential Services Commission Victoria (ESC) in its review of taxi fares in 2005 reported that returns to country operators are very low<sup>13</sup>. The Victorian Taxi Association's (VTA) submission to the ESC review indicated that operators often run another business, as taxi operations of themselves do not generate sufficient returns<sup>14</sup>.

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<sup>11</sup> The assessed market value at 1 July 2003 of a perpetual taxi licence in some rural areas is as low as \$1 000, whereas in Hobart it is \$81 750.

<sup>12</sup> SGS Economics & Planning and Myriad Research, op. cit., page 14.

<sup>13</sup> Essential Services Commission, Victoria: *Report of the Taxi Fare Review 2005*, June 2005, page 104.

<sup>14</sup> Victorian Taxi Association Inc: *Submission to the Essential Services Commission Taxi Fare Review 2005*, 3 May 2005, pages 29-30.

Under the Taxi Industry Regulations, taxis in non-metropolitan areas can be operated as taxis to a maximum age of ten years, as opposed to eight years in the metropolitan areas<sup>15</sup>, which means a lower annual capital cost for the operators of country taxis. Maintenance costs might also be lower than in metropolitan areas if rural taxis undertake fewer annual kilometres than their metropolitan counterparts.

Most country taxis do not operate out of a formal radio room, as is the case in the metropolitan areas, so radio room fees will not apply to these operators. In some smaller areas, calls from users go directly to the driver, who will coordinate his or her own bookings.

### **3.2.1. Questions**

2. What are the major differences in operating costs between taxis in non-metropolitan areas and those in metropolitan areas?
3. Is it relatively more expensive to operate a taxi in a non-metropolitan area (i.e. is income as a proportion of expenditure lower)? If so, what are the reasons for this?

### **3.3. Use of taxis in rural areas**

DIER does not have a comprehensive understanding of the use of taxis in rural areas. This paper seeks further information on this issue. There are a number of areas where there might be significant differences between urban and rural taxis, including journey lengths, composition and size of the market, reasons for travel and so on.

#### **3.3.1. Journey Length**

There is a view that rural taxis could be called on to undertake significantly longer trips than their metropolitan counterparts, for example between towns or to a major airport.

While longer journeys are undertaken on occasions, they might represent a fairly low proportion of journeys. The VTA suggested that in country Victoria, average taxi journeys tend to be shorter than in urban areas – involving trips in and around town perimeters<sup>16</sup>. This view is supported by the RTS review, which examined the use of TAS vouchers in rural areas. It found that there is a relatively low level of TAS voucher use in rural areas, and shorter average trip lengths than in urban areas. It noted that the TAS's greatest use in rural areas is mobility within country towns rather than between towns<sup>17</sup>, which is similar to the situation in Victoria. The situation in New South Wales (NSW) is similar, with the average country journey reported to be

<sup>15</sup> Taxi Industry Regulations, Regulation 16(3).

<sup>16</sup> Victorian Taxi Association Inc: op. cit., page 30.

<sup>17</sup> SGS Econominics and Planning: op. cit., page 55.

about four to five kilometres, compared to an average of seven kilometres for journeys in Sydney<sup>18</sup>.

Rural taxis might also undertake trips that include a high degree of dead running, where the driver needs to travel a long distance to get to a relatively short journey and then return to their base. This could be costly for the operator, as the taxi is not deriving an income during the time it is travelling to the job, but is incurring costs. A small fare for a short job is unlikely to compensate for these costs. Likewise, the taxi is not available to undertake other work during the journey to the hiring. Some other jurisdictions (e.g. Queensland and Northern Territory) impose out of zone surcharges on taxi journeys that end outside of the zone in which the taxi is licensed to operate. This compensates the operator to some degree for long journeys with dead running time involved in returning to their area.

### 3.3.2. Taxi market in rural areas

The composition of the market differs in rural areas. For instance, the VTA observed that the lack of nightlife activities in country areas means that there is less call for taxis at night in these areas. Taxi businesses in smaller rural areas might not operate on a 24-hour basis, or if they do, drivers would be more likely to be 'on call' at home rather than waiting for work on ranks. The VTA also noted that taxis in country areas service a higher proportion of people who are elderly, frail or have a disability, i.e. people that are less likely to own a car and are therefore more dependent on taxis for transport<sup>19</sup>.

The ESC's report highlighted some of the differences between taxis in regional areas and taxis in metropolitan areas in Victoria<sup>20</sup>. It noted that another feature of taxi operations in regional areas is that there is very little rank and hail business and that, in many areas, most business is pre-booked.

A NSW Department of Transport Report in 2001 noted that the rural taxi industry is more highly dependent on repeat business and building strong relationships with customers than is the case in the metropolitan areas. This is due to the limited size of the rural market. The report suggested that this provides an incentive for rural operators to build relationships with the public to ensure a strong local taxi service, and to ensure that the service is efficient and that customer complaints are dealt with effectively and fairly<sup>21</sup>.

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<sup>18</sup> NSW Taxi Council website: [www.nswtaxi.org.au/taxis\\_statistics.htm](http://www.nswtaxi.org.au/taxis_statistics.htm) accessed 11 January 2006.

<sup>19</sup> Victorian Taxi Association Inc: loc. cit.

<sup>20</sup> Essential Services Commission, Victoria: op. cit., pages 104–108.

<sup>21</sup> NSW Department of Transport: *A Discussion Paper on the Rural Taxi Industry in New South Wales*, May 2001, page 14.

**3.3.3. Questions**

4. What are the major features of the rural taxi market in Tasmania?
5. Who are the main users of taxis and for what purposes do they use taxis? Do people use taxis in rural areas for different purposes than people that use taxis in urban areas?

**3.4. Rural taxis in other jurisdictions**

This section outlines the way in which some states manage their country taxi fleets. Not all states regulate rural taxis. For example, in South Australia taxis outside the Adelaide metropolitan zone are regulated by local councils. In the ACT, there are no rural taxis.

**3.4.1. Western Australia<sup>22</sup>**

At July 2004 there were 328 taxis operating in 47 towns in regional Western Australia (WA). Of these, 37 have ten or fewer taxis. Multipurpose taxis (i.e. WATs) were available in 11 centres and private taxis (i.e. limousines and hire cars) operated in a number of centres.

Until 1982 regulation of the country taxi industry was the responsibility of the local authority and the police in each town. The local authority set fares and issued licences and the police were responsible for enforcing the regulations. In 1982, legislation was enacted to transfer the responsibility for country taxis to the WA Government.

Regulation of the industry is different in rural areas to that in metropolitan areas. For instance, there is no formal training requirement for country taxi drivers. There is no age limit on country taxis and no requirement for security cameras. New licences are issued, after an assessment of demand by the Government, on request from either the industry or the community.

**3.4.2. Victoria**

Victorian taxis are operated in three zones: metropolitan (Melbourne), country and urban (Ballarat, Bendigo and Geelong). At 31 December 2004, there were 4 253 taxis in Victoria, including 229 in the urban areas and 486 in the country areas<sup>23</sup>.

Vehicle specifications are the same in country areas as in metropolitan areas, including the requirement for taxis to have the standard taxi yellow livery. However, country taxis can operate

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<sup>22</sup> Travers, the Hon. Ken, MLC: *Report on the Review of the Operation and Regulatory Structure of the Taxi Industry in Regional Western Australia*, report prepared for the Hon. Allannah MacTiernan MLA, Minister for Planning and Infrastructure, Government of Western Australia, July 2004, pages 9–11.

<sup>23</sup> Victorian Taxi Association: *A snapshot of the Victorian taxi industry*, [www.victaxi.com.au/](http://www.victaxi.com.au/) accessed on 23 January 2006.



for up to 7.5 years, as opposed to 6.5 years in the city, and they are not required to install security cameras.

Since 2002, all new licences in Victoria are leased from the Government. In country areas the annual lease fee depends on the number of licences already operating in the area, and can range from \$1 000 in an area where there were previously no licences, to \$4 200 in an area where more than 30 licences were operating. Lease rates for WATs are half the standard lease rate<sup>24</sup>. Licences are made available where there is considered to be demand. Priority is given to existing operators, and drivers are encouraged to take up new licences. However, if there is unmet demand and the existing operator does not want to take on a further licence, new operators may be able to take up the licence.

The Victorian Government is currently undertaking a review of regional taxi services. The review will consider issues such as the financial viability of taxi services in small country towns and the delivery of WAT services in regional Victoria. It aims to recommend sustainable measures to improve outcomes for service providers and the communities they serve and to optimise the role of taxis in meeting transport needs in regional areas<sup>25</sup>.

### 3.4.3. Queensland<sup>26</sup>

Queensland taxis operate in either metered or exempted areas. Exempted areas are those that are not large enough to support a full metered service and have only a small number of taxis (e.g. up to three or four). Taxis in exempted areas are not required to have a meter installed and charge fares on a per kilometre rate of \$2.50 per kilometre (as opposed to approximately \$1.50–\$1.60 per kilometre in metered areas).

In Queensland all communities with over 10 000 people are serviced by one or more taxi booking companies, which enter into contracts with Queensland Transport to meet minimum service levels. All taxis in these communities are required to affiliate with a taxi booking company. There currently 26 contract areas throughout the state with a total of 2 688 taxis affiliated with these contract holders. There are also 92 exempt taxis and 75 metered taxis operating throughout the state that are not subject to contract requirements.

Queensland introduced a new fare structure for regional metered areas in December 2005. As a result the fares for metered taxis in metropolitan South East Queensland areas are slightly lower than for metered taxis in regional areas. This is largely due to the fact that most urban taxis use LPG, whereas the predominant fuel in the regional areas is the more expensive unleaded petrol.

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<sup>24</sup> Essential Services Commission, Victoria: op. cit., page 105.

<sup>25</sup> Victorian Taxi Directorate website (Regional taxi services review) accessed 23 January 2006: [www.taxi.vic.gov.au/DOI/Internet/vehicles.nsf/AllDocs/B8CD9A295CA266E5CA257068001BD987?OpenDocument](http://www.taxi.vic.gov.au/DOI/Internet/vehicles.nsf/AllDocs/B8CD9A295CA266E5CA257068001BD987?OpenDocument).

<sup>26</sup> Queensland Transport: *Taxi and Limousine Development Discussion Paper*, May 2004, [www.transport.qld.gov.au/public](http://www.transport.qld.gov.au/public) accessed 23 January 2006.

## 4. Rural transport users

The RTS review of transport disadvantage and need in rural areas found that a high proportion (over 95 per cent) of rural residents own cars, which means that there is not a high demand for public transport. As a result, the viability of commercial bus and taxi services for most areas is quite low, even when the services are subsidised. Therefore, the transport options for people in rural areas without access to private cars are limited<sup>27</sup>. The report noted that:

Transport related improvement in Tasmania have been exclusively improvements in the quality of roads. The relatively small market for buses and taxis has meant that services in rural areas have been and remain limited. This has led to a heavy dependence on private cars for transport by rural residents.<sup>28</sup>

The situation is therefore self-sustaining: a low demand for public transport results in low levels of service provision, which means that most people will rely on private vehicles, so demand for public transport remains low.

### 4.1. Transport disadvantaged groups

While most people in rural areas own or have ready access to a private vehicle, some rural residents do not have such access. There are some rural people for whom the lack of public transport could seriously impede their access into the community. The RTS review identified a number of such 'transport-disadvantaged' groups in rural areas. These included:

- people with disabilities;
- frail aged persons;
- youth (15–19);
- low income earning households;
- people with temporary medical conditions preventing driving; and
- other non-drivers.

Specific attributes and transport-related needs of these groups are explored fully in Section 2.2 of the RTS report.

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<sup>27</sup> SGS Economics & Planning and Myriad Research: op. cit., page 1.

<sup>28</sup> *ibid.*, page 15.

The report noted that some of these groups are formally recognised as client groups needing transport assistance to access services. These groups include people identified as needing support to avoid long term residential care (Home and Community Care (HACC) qualified clients) and people receiving assistance to attend school (students with disabilities). Members of other transport-disadvantaged groups, such as young people and low-income earners, may have unmet transport needs but do not currently qualify for support from existing programs<sup>29</sup>.

The RTS project surveyed rural residents about their need for transport assistance. It found that eight per cent of rural households had required some form of transport assistance in the last five years, with just under half needing assistance for periods of less than three months. Approximately 37 per cent of people who had required transport assistance indicated that this need was permanent<sup>30</sup>. According to the survey, about three to four per cent of households in rural areas have persons that require transport assistance at any time<sup>31</sup>.

The report found that at any given time, persons with long-term need are the main users of transport assistance. The majority of persons with a long-term need are aged 65 or over and/or have a disability. There is a strong relationship between disability, age and long-term need for transport assistance<sup>32</sup>.

The report found that people require transport assistance to travel for a wide range of reasons, including shopping, work, study, social reasons, and medical purposes. People that require assistance only for short periods mainly require assistance to travel for medical purposes, as they tend to defer travel for other purposes after they recover. In contrast, people with a long-term need for transport assistance are more likely to use transport assistance for shopping, social and recreational outings as well as medical needs<sup>33</sup>.

#### **4.2. Taxis as public transport**

In towns outside Hobart, Launceston, Devonport and Burnie there is no regular bus service providing transport within the town perimeter. Within the larger towns, taxis are available as an alternative to private cars and can be used as public transport providers in lieu of buses.

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<sup>29</sup> *ibid.*, page 18.

<sup>30</sup> *ibid.*, page 33.

<sup>31</sup> *ibid.*, page 1.

<sup>32</sup> *ibid.*

<sup>33</sup> *ibid.*

## 5. Transport assistance

### 5.1. Overview of transport assistance programs

The RTS report identified a range of programs that help meet the needs of transport-disadvantaged people. Some are specifically targeted at residents of rural areas, whereas others are accessible by eligible clients regardless of their location. They include State, Commonwealth and Local Government initiatives as well as programs initiated by charities, service clubs or other non-government organisations.

For instance, the TAS provides a range of transport-related subsidies and assistance for people across the state, as noted in Section 2.2. This includes subsidised taxi fares for eligible members. The Vision Impaired Travel Pass assists eligible vision impaired persons, who would otherwise be unable to access public transport, to travel on approved public transport services. Pass holders receive unlimited free use of the public transport system, and on intercity buses, pay a reduced fare<sup>34</sup>.

The Patient Travel Assistance Scheme is intended to ensure equality of access for Tasmanian residents to specialist medical services. The scheme assists Tasmanians who have to travel more than 75 kilometres to access specialist medical services, and face high travel costs (e.g. flights from the islands)<sup>35</sup>.

School bus services are intended to improve the access of students living relatively far from school, reducing the need to establish and maintain many smaller schools in local areas. Free to user school buses transport primary and high school students to their nearest school where they live more than five kilometres from the school and no public transport is available. The Government fully funds these services. Student only route services are provided by private operators and carry students from their home to the schools served by the route established by the operator. Students pay a fixed charge per trip with the Government providing a supplementary payment for each passenger<sup>36</sup>.

There is a range of other programs that provide services to transport-disadvantaged people. These programs are described in Section 3 of the RTS report. Of particular interest to this paper is the community transport services provided by HACC and other community cars, and the potential for taxis to participate in delivering these services.

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<sup>34</sup> *ibid.*, page 56.

<sup>35</sup> *ibid.*, page 66.

<sup>36</sup> *ibid.*, pages 50–51.

### 5.1.1. Home and Community Care Program

The HACC program funds basic maintenance and support services to help frail older people and younger people with disabilities continue to live in the community rather than be admitted to residential care.

HACC funds a range of organisations to provide services, including transport, to eligible clients. The main transport provider funded by HACC is Community Transport Services Tasmania (CTST). Other major providers of transport services are the Wattle Group, based in Launceston, and Mersey Community Care, based in Devonport.

The scheme provides:

- a central point for information about transport needs and resources;
- liaison and co-ordination between community groups in transport matters;
- planning of and research into community transport issues; and
- subsidies to individuals and community groups to assist in meeting costs<sup>37</sup>.

Users are required to make a contribution toward the cost of the service. This is based on the client's capacity to pay, and may be capped.

CTST has a fleet of 69 vehicles, 25 transport coordinators covering most of Tasmania, and hundreds of volunteer drivers<sup>38</sup>. The RTS report identified 46 CTST vehicles that serviced rural areas. The vehicles included five-seater sedans, mini buses and vans and larger buses. Some of these vehicles were wheelchair-accessible<sup>39</sup>.

The RTS report observed that in general, CTST cars are used to provide transport for people from outlying communities to visit to doctors, hospitals, physiotherapy, or other medical practitioners in the larger urban centres. The majority of CTST buses are used to serve day centres, collecting clients from their homes in the mornings and returning them in the afternoon. The other significant use for CTST buses is for shopping, outings, and social and recreational trips<sup>40</sup>.

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<sup>37</sup> Department of Health and Human Services website: [www.dhhs.tas.gov.au/services/view.php?id=896](http://www.dhhs.tas.gov.au/services/view.php?id=896) accessed 27 July 2005.

<sup>38</sup> *ibid.*, pages 64-65.

<sup>39</sup> *ibid.*, pages 92-93.

<sup>40</sup> *ibid.*, page 94.

### 5.1.2. Community cars

While not a formal program, community cars provide a substantial amount of transport assistance in rural areas. These services are provided primarily by volunteers, using a dedicated vehicle, which may be funded by the local or other government. In some cases local government plays an ongoing role in funding operating costs or other overheads such as hosting the coordinator.

Community cars provide transport assistance to clients with short-term medical needs, the unemployed, single parents or residents of aged care facilities judged to have a genuine transport need. Typically capital costs are met by fund-raising, and operating costs are largely met by user contributions.

These vehicles use the same approach of accepting 'donations' rather than charging a fare that is employed by HACC-funded community transport in an attempt to avoid conflict with transport legislation preventing carriage of passengers for a consideration unless the driver is appropriately accredited<sup>41</sup>.

While these providers are not constrained by HACC guidelines, they have less flexibility in other ways. Locally government funded cars are generally restricted to picking up clients within the local government area (LGA) boundaries. Clients from just outside the LGA wishing to go to a destination within the LGA may not use the community car. In some cases the community cars have affiliated with other community transport providers, such as CTST, which has enabled them to benefit from savings when purchasing vehicles. Where they have become fully part of the HACC umbrella, they need to comply with program guidelines, which ensures greater certainty of funding.

## 5.2. Use of community transport

As discussed in Section 5.1 community transport includes a range of services provided to assist people with transport needs. Some community transport is funded under the HACC program (e.g. CTST) and other services are funded by local councils.

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<sup>41</sup> Section 15 of the *Vehicle and Traffic Act 1999* (Tas) prohibits a person from driving a public passenger vehicle on a public street for the purpose of carrying passenger for reward unless the person holds a relevant driver licence and an ancillary certificate authorising them to drive a public passenger vehicle of the relevant class. Section 15 of the *Passenger Transport Act 1997* (Tas) prohibits a person from driving or using a small passenger vehicle on a public street for the purpose of carrying passengers for reward unless that vehicle is registered as a public passenger vehicle.

### 5.2.1. Journeys

The RTS report analysed a number of journeys undertaken by CTST clients to gain an understanding of how CTST transport is used<sup>42</sup>. Journeys ranged from short trips within the local town to much longer trips. Medium length bus trips (up to 100 kilometres) were commonly for the purpose of taking day centre clients to and from the centre, and medium length car trips were for taking residents from outlying areas into the local towns. Long car trips (over 100 kilometres) were most often to take clients to major centres for medical specialists or hospital appointments and long bus trips were associated with outings or extended group trips

The shorter trips accounted for about 20 per cent of all trips taken, but only about five per cent of the distance travelled, and were relatively the most expensive per kilometre to provide. Longer trips accounted for about 35 per cent of all trips but about 60 per cent of the distance travelled.

### 5.2.2. Use of vehicles

The report found that CTST vehicles are used an average of 3.9 days per week, which varies from a low of one day per week to a high of over six days per week. The report found that most CTST vehicles are used from roughly 9:00 am to 5:00 pm five days per week. Weekend use is relatively uncommon, with fewer than half of all vehicles making more than five or six weekend trips per year. Some vehicles appear to make regular fortnightly or weekly weekend trips<sup>43</sup>.

The report found that CTST cars carried an average of 1.9 passengers per trip, and buses an average of 6.1 passengers per trip. This suggests that a high level of shared journeys is being achieved, keeping operating costs per passenger kilometre low<sup>44</sup>.

### 5.2.3. Volunteers

The community transport sector relies heavily on volunteers. Volunteers are used for driving and for booking trips, coordinating use of the vehicle at the local level, and other administrative tasks. Some services, such as residential care facilities and some day care facilities, use paid drivers rather than volunteers<sup>45</sup>.

The report estimated that there are between 700 and 800 active volunteers in rural areas. Volunteers drivers are more often male, retired or not working, and in the age range from 45 to 65 years<sup>46</sup>.

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<sup>42</sup> SGS Economics and Planning: op.cit., page 94.

<sup>43</sup> *ibid.*, pages 103-104.

<sup>44</sup> *ibid.*, page 105.

<sup>45</sup> *ibid.*, page 107.

<sup>46</sup> *ibid.*, pages 108-109.

The average number of hours worked per volunteer varies between organisations, but is estimated to be about three to four hours per week. Based on the estimated 750 volunteer drivers active, this gives an estimated range of about 60 to 80 full time equivalent workers<sup>47</sup>.

The report identified a number of risks in relation to using volunteers in community transport. These included the driving skills of volunteer drivers and their ability to deal with medical situations that could arise during journeys. Community transport providers are generally aware of these risks and, in most cases, have enacted policies to attempt to address them<sup>48</sup>.

#### **5.2.4. User contributions<sup>49</sup>**

The RTS report found that user contributions are requested by most community transport providers. A few do not charge, particularly where the provision of transport is incidental to assisting clients, such as where an organisation is assisting homeless youth to find accommodation.

Rates requested by community transport providers vary according to the length of the trip. The rates are normally quite low, and many users reported that they would be willing or able to pay much higher rates. The amount that some users said they were willing to pay was close to the full operating costs of community transport vehicles.

#### **5.2.5. Operating costs<sup>50</sup>**

Vehicles used by community transport organisations are generally purchased under concessions for charitable organisations, which receive GST free status and reductions on stamp duty and vehicle registration. The RTS report estimated that running costs for a typical community car would be about \$12 000 annually, which included registration, insurance, purchase cost of vehicle, fuel, tyres, maintenance, and depreciation over 40 000 kilometres. For buses, which have a working life of about 200 000 kilometres, the report estimates annual costs to range from \$11 500 for a smaller bus travelling 15 000 kilometres per year to \$28 400 for a larger bus travelling 30 000 kilometres per year.

Overhead costs for community transport providers, including costs for coordinating the program, reporting to government, and managing staff, are significant. In some cases, overhead costs are equal to or slightly greater than all operating costs. The report noted that in many organisations, volunteers are currently not managed to the standard that may be desired, and doing so would increase further increase these costs.

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<sup>47</sup> *ibid.*, page 110.

<sup>48</sup> *ibid.*, page 114.

<sup>49</sup> *ibid.*, pages 117-118.

<sup>50</sup> *ibid.*, pages 118-121.



The report estimates that, allowing for all additional costs, the gross cost per passenger kilometre ranges between about \$0.65 and \$0.85 per kilometre for a 'taxi-style' service, including all overheads but before client contributions. Client contributions reduce this by about \$0.06 to \$0.30 per kilometre per passenger, the amount varying according to trip length. This gives an estimated net cost of about \$0.50 to \$0.80 per passenger kilometre, even after allowing for improved volunteer management.

### **5.3. Taxis and community transport**

This section summarises example of programs where taxis have been used to provide flexible transport to members of the community.

#### **5.3.1. Dorset Wheel Deal (Dorset, Tasmania)<sup>51</sup>**

This pilot was initiated by the Office of Youth Affairs within the Tasmanian Department of Education, in cooperation with DIER, to explore a transport brokerage approach to providing youth transport in a rural area. Dorset was chosen for the trial.

The pilot was aimed at young people from 12 to 25 years of age and aimed to fill the gaps in transporting young people in the Dorset region. Most transport was provided by either the local taxi company or one of two local commercial bus operators. For a number of group outings, buses were chartered without drivers, as the groups were organised by an individual with a public vehicle licence. In addition, some financial assistance was provided for costs of travel in private cars.

Taxis for social events were available for young people over the age of 12 and under the age of 18. Wheel Deal transport did not go to licensed venues or private parties, and would only transport young people to 'all ages' shows when it could be shown that no alcohol would be accessible by those travelling to and from the event. Taxis for work related transport (e.g. job interviews), could be accessed by young people up to the age of 25.

As the project aimed to fill the gaps in transporting young people in the region, it did not normally fund transport usually provided by organised groups, such as schools or sporting clubs, unless there were no other transport solutions available.

In the period from initiation in September 2004 up to June 2005, approximately 800 rides were provided, with as many as 60 to 80 individuals taking advantage of the project.

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<sup>51</sup> *ibid.*, pages 60–62.

Under the program, the cost of transport was shared by the passengers and the project. The general guideline was for users to pay one-third and the project to pay two-thirds of transport costs. To promote the project, the first 50 rides were provided free of charge to users. The majority of the \$48 000 received from the Government for the project was expended on program development, marketing and evaluation. An estimated \$11 000–\$12 000 was spent on direct transport subsidies to the end of June 2005. With an estimated 800 rides, this corresponds to about \$15.00 per ride. However, the cost per trip in self-drive buses or assistance to the use of private cars cost under \$4.00 per rider per trip, while trips in taxis cost over \$67.00 per rider per trip.

### **5.3.2. Dial-a-Ride Taxi Service (Chewton, Victoria)**

This was a trial dial-a-ride Saturday taxi service, which was intended to develop and test a model of using taxis to deliver cheap and effective transport services to residents of small towns<sup>52</sup>. The service was a shared taxi service operating between Castlemaine (about 120 kilometres north of Melbourne, population 9 000) and Chewton, a small town about five kilometres from Castlemaine. It operated on Saturday mornings, and enabled residents of Chewton to be picked up from their homes and taken to the Castlemaine CBD, station, hospital or a local museum in the morning and returned home about two hours later. The cost of the trip was \$2.50 each way to the CBD or \$5.00 each way to the further destinations, which was about one quarter of the normal taxi fare. Customers needed to book in advance.

The trial was run on Saturdays as this was a low use time for the taxi company and because the local bus service only operated on weekdays. It ran from June to December 2005.

The purpose of this trial was not to provide a service in a high need area, but to test whether such a service could be provided within the current regulatory environment and to test the capacity of the taxi company to deliver the service. It was also intended to demonstrate to the community and the council how such a service might operate.

A number of issues were identified as a result of the trial. For instance, the taxi company would not have been in a position to roll the service out over a larger area. This was due to a number of factors including the basic booking system used by the company (i.e. calls by mobile phones to the drivers) and the bailment agreements with drivers, which prevented the depot from directing them to undertake specific jobs. There was also concern about how such a service would impact on the taxi company's standard business, and there were issues associated with how the taxi company could be contracted to provide the service, including which organisation should contract for the service. The trial also required changes to the conditions of the taxi licences.

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<sup>52</sup> "Trial of new type of taxi service", *Taxi Talk*, July 2005, pages 8–9.

The taxi company received a subsidy from the state government for these journeys equivalent to 95 per cent of the agreed metered fare, and if there were no bookings for the service, the company received a standby fixed amount. The company also retained the taxi fares. It is worth noting that this was considerably cheaper than it would have been to provide a Saturday bus service, which would have required drivers to be paid a minimum of three hours at time-and-a-half rates.

The trial only attracted a maximum of two users per week, mostly the same people. Consultation with the main client group, elderly people, found that people preferred to use their own cars for short trips and would only use a taxi when they had no other option. Clients indicated that the fare for the service was too expensive, and that the service should run on a Thursday or Friday, rather than a Saturday. However, this would have conflicted with the local bus service, and would coincide with peak times for the taxi company.

### **5.3.3. Taxi transport service between town and village (Wellington, NSW) <sup>53</sup>**

This initiative was trialled in NSW in 2002 to provide an affordable and flexible passenger transport option to residents of a small village located eight kilometres out of town. The service provided two trips into town and two return trips to the village every Wednesday. There were several stops that passengers could be dropped off at and collected from in town including the hospital and main shopping precinct. Bookings for the service were not required, as this was seen as a major barrier to people using the service. The taxi arrived at the agreed times and undertook the journey regardless of the number of passengers present.

The taxi operator agreed to provide the service at a reduced cost of \$12.00 per trip (approximately 40 per cent discount), for up to four passengers. The fare was split equally between the passengers. Where only one passenger travelled, they were only required to pay \$8.00, with the funding body contributing the balance. If no passengers used the service the funding body paid the entire fare.

Seed funding of \$1 000 was provided to cover the cost of the taxi if no passengers used the service, or to cover the shortfall if only one passenger travelled.

The scheme was developed in consultation with the local council, community and town health service. It was considered that there would be a number of benefits including enabling people to travel to town for health, social or business purposes, without relying on others; reducing the need for health workers to provide transport services, giving them more time to conduct health related activities; and increasing business for the local taxi operator.

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<sup>53</sup> NSW Ministry of Transport, Country Transport Resource Kit accessed 11 January 2006: [www.transport.nsw.gov.au/countryresource/examples/taxi-town-village.html](http://www.transport.nsw.gov.au/countryresource/examples/taxi-town-village.html).

This service experienced a lack of patronage throughout the trial. Despite having the support of all stakeholders involved, the trial service operated once a week for eight weeks without a paying passenger. Vouchers offering a free return trip were distributed in the village, resulting in four passengers using the service. Feedback received on the program suggested that the cost was prohibitive. Further, the operation of the service on a Wednesday may also have been an issue as people received pension payments on a Thursday, meaning there was less disposable income available for taxi use on Wednesday of each week, even at a reduced rate.

The service was not continued after the end of the trial.

#### **5.3.4. Hawkesbury Youth Transport (Hawkesbury, NSW)<sup>54</sup>**

The Hawkesbury Youth Transport project is designed to increase access to out-of-hours transport services for young people and young mothers, including young people with disabilities, within the Hawkesbury LGA. It offers a range of subsidised transport options for youth groups and individual young people, including a regular 'drop home' bus service and subsidised bus hire to incorporated youth organisations in the region.

Of relevance to taxi services, the project provides Cabcharge vouchers to subsidise transport for young people from isolated parts of the LGA to return home after an activity or event. The vouchers are for use only in the Hawkesbury LGA, for a 'drop home' service. Depending on a person's area of residence, the fare can be as high as \$45.00 per trip. Vouchers are for personal use and are not transferable, and misuse results in permanent cancellation. They are used in conjunction with cash or pooled. New vouchers are issued each month provided that the previous month's issue has been used.

Since the inception of the Cabcharge voucher system \$1 800 in vouchers has been issued but only \$400 has been used. The service has been backed with funding by the Hawkesbury Community Transport Service since February 2001.

#### **5.3.5. HACC Training & Transport Brokerage (Perth, WA)<sup>55, 56</sup>**

The HAAC Training & Transport Brokerage scheme involves the purchase by HACC of transport services from taxi companies, including regular taxis, WATs and mini buses.

The scheme commenced in January 2001 as a pilot. The model was deemed successful and moved to recurrent funding after 12 months. In the pilot stage the project area covered Perth North Metro, a zone of about 1600 square kilometres covering the northern part of Perth. The

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<sup>54</sup> *ibid.*, page 178.

<sup>55</sup> *ibid.*, pages 179-180.

<sup>56</sup> HACC Training and Transport Brokerage website: [www.httb.com.au/transport.htm](http://www.httb.com.au/transport.htm) accessed 11 January 2006.

service now covers the Perth metropolitan area in parallel with other community transport providers.

Under the scheme taxi companies provide a dedicated taxi booking/dispatch officer. The call centre is open from 7:30 am to 5:00 pm, Monday to Friday, and clients are requested to give a minimum of one working day's notice. Weekend trips must be booked by Friday afternoon. All assessed HACC eligible clients are entered into the HACC database and clients receive written instructions on how to use the service and an after-hours business call card.

HACC contracts with the taxi companies for fixed prices for all journeys. The price is based on the distance travelled. HACC Transport includes the calculated price when job is emailed to taxi contractors.

Passengers make a contribution to each journey: \$6.00 each way for a journey under 30 kilometres, \$8.00 each way for journeys 31 to 50 kilometres and \$10.00 each way for journeys over 51 kilometres. The price of the journey is fixed by the distance and the number of pickups made during the trip. A multi-passenger trip is less expensive in total and per passenger than a trip that carries only one passenger.

HACC Transport has imposed limits on how many journeys each client may undertake per week for each type of transport and maximum distances apply. For example, social trips have a 30 kilometre distance limit. The condition of 'Care Closest to Home' applies for non-specialist medical appointments and the condition of 'Nearest Major Shopping Centre' applies for shopping bookings.

The service was set up with strong penalty-style contracts with taxi contractors. For example, if a taxi is more than an hour late, the penalty is double the price of the job. The service only uses selected taxi drivers who are interested in this type of work and thus willing to assist disabled and frail passengers. The taxi companies involved in the scheme select the drivers that participate, and HACC Transport can remove a particular driver if they are not performing to required standards.

To use the service, clients contact the HACC call centre. All bookings, including clients' special needs, are entered into the computer. One day in advance, passengers are batched together into vehicles. All car jobs are then emailed as a batch to the contracted taxi companies. The taxi companies then dispatch work to HACC taxis. Return trips are batched 'on the fly' or as a fixed time return. After-hours and weekend trips are scheduled in advance and emailed with authorised booking numbers to the taxi companies during office hours. 'On the fly' after-hours and weekend return trips are managed by the taxi companies for authorised journeys, with the clients ringing the taxi companies direct for the returns. HACC Transport organises, and taxis complete, over 200 trips most weekends.

The service has grown strongly. Eight months from commencement (January to August 2001), HACC Transport was coordinating about 700 passenger trips per month. For the month of March 2004, about 6 800 passenger trips were recorded. Currently the average number of trips per month is between 5 000 and 7 500. The most recent user survey indicated an approval rating of 89 per cent.

### **5.3.6. Seniors Taxi Club (Narromine and Dubbo, NSW)<sup>57</sup>**

The objective of this initiative was to provide an affordable and flexible mode of passenger transport for older people. This initiative was trialled in Narromine and Dubbo in NSW in 2001 and 2002 respectively, and a similar initiative had been operating in another regional centre prior to the commencement of this trial. Operational details of the scheme might vary slightly between centres.

Membership to the Seniors' Taxi Club is open to people with a Pensioner or Veterans' Affairs Card who are aged 60 or over. Members pay an annual fee (in Narromine this was \$12.00 per single and \$20.00 per couple) and are then entitled to the capped fare (\$4.00 per single one way and \$5.00 per couple one way) when travelling by taxi within the times and locations specified. Seniors' groups were consulted about acceptable costs for trips and annual membership fees.

The scheme benefited older people, by providing them with an affordable and flexible passenger transport option. Some people were observed to begin engaging in social activities that had previously been unavailable to them. The scheme also benefited the taxi operators, by providing them with an opportunity to increase business within the target group. The scheme is reported to have become self sustaining and profitable for taxi operators.

The Club established in Narromine began in August 2001 and had 35 new clients within a few months of offering the service, many of whom were new users of taxis. This significantly increased their independence and expanded the taxi operator's client base. The Dubbo Senior's Taxi Club began operation in October 2002, and at July 2004 had 100 clients, many of whom had not been regular taxi users in the past. The taxi operator reported that many clients are now, on a regular basis, visiting friends and family that they had previously been unable to visit. The Club established in the regional centre prior to the project commencing has been operating for over five years and at July 2004 had 177 members.

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<sup>57</sup> NSW Ministry of Transport, Country Transport Resource Kit accessed 11 January 2006: [www.transport.nsw.gov.au/countryresource/examples/taxi-seniors.html](http://www.transport.nsw.gov.au/countryresource/examples/taxi-seniors.html).

### 5.3.7. Discount Taxi Days (Narromine, NSW)<sup>58</sup>

This initiative was introduced in Narromine in August 2001 to provide affordable and flexible passenger transport to all members of the community. It was introduced to cater for people who were not eligible to take advantage of offers for specific target groups, such as the Seniors' Taxi Club (see above).

The local taxi company was willing to offer a similar discount to that provided to members of the Seniors' Taxi Club to the general community one day a week between set hours. Every Tuesday between 9:00 am and 3:00 pm, passengers were able to access maximum \$4.00 one way fares within the 60 kilometre speed limit zone of the town. If the metered fare was less than \$4.00 they paid the metered fare. The day, time and cost of the offer were chosen to suit both the taxi operator and the community.

The scheme has been operating successfully since August 2001, and is reported to regularly receive about 10 passengers per week. Many of these clients were new users of taxis, significantly expanding the taxi operator's client base.

In identifying issues associated with the scheme (and also the Seniors' Taxi Club) it was noted that the scheme had been introduced by an independently operated taxi business. The scheme might have been more difficult to introduce if the taxi company had been a co-operative, where the support of all members would have been required in order for such a scheme to be able to be implemented.

It was also noted that the scheme needed to be promoted, so that community members would have a clear understanding of the scheme and its potential benefits. The project organisers recommended face to face promotion and explanation of the service to community groups to maximise potential use and to increase the scheme's chances of success.

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<sup>58</sup> NSW Ministry of Transport, Country Transport Resource Kit accessed 11 January 2006: [www.transport.nsw.gov.au/countryresource/examples/taxi-discount.html](http://www.transport.nsw.gov.au/countryresource/examples/taxi-discount.html).

## **6. Issues**

### **6.1. Issues for consideration**

This section outlines issues associated with the regulation of taxis in rural areas, the relationship between taxis and community transport, and the introduction WATs into regional areas. It presents a number of questions to promote discussion on these issues.

A major theme to consider is whether it is appropriate to regulate taxis in non-metropolitan areas in the same way as metropolitan taxis are regulated, or whether there are aspects that could or should be regulated differently. For example, there might be some regulations that are not relevant to non-metropolitan areas, or that prevent rural operators from implementing more effective processes or delivering better services, and that could be relaxed or removed. There might also be practices that are currently not permitted under regulations, but which might be appropriate to include in the legislation for non-metropolitan areas.

### **6.2. Regulation of rural taxis**

#### **6.2.1. Services to users**

As noted in Section 3.3, the majority of taxi users in many rural areas are likely to be older people or people with disabilities that are less likely to own or drive their own vehicle, although this might not be the case in all areas. With a lower level of night life activity in some rural areas there may be more need for taxis during business hours than at night, although demand after hours is likely to be higher on Friday and Saturday nights.

Taxis are not obliged to operate 24 hours a day. The operator needs to make a decision about the hours of operation of his or her business, and whether taxis will be available at any time of the day or night. Whereas in the larger metropolitan centres there will always be taxis available on taxi ranks and radio rooms will operate at all hours, this is unlikely to be the case in rural areas, where, if not all the time, at least at night, calls might go directly to the driver rather than be managed through a radio room.

It is possible that, as the demand for late night taxis in rural areas is likely to be low, other than possibly on Friday and Saturday nights, this is not a significant issue, and that taxis are available to undertake late night work if needed. However, it does raise issues as to whether all taxi operators should be obliged to provide services 24 hours a day, seven days a week. In the metropolitan areas this is not practical, due to the large number of taxis available and the large number of operators, some of whom choose to operate on a nine-to-five weekdays basis. In



these areas, requiring all taxis to be available at all times would be a significant impact on the ability of an operator to manage their business according to their own needs and priorities. It could also have implications from the perspectives of the Trade Practices legislation.

The same argument might apply equally to country taxi areas. However, it might also be argued that some minimum service levels should be mandated to ensure that people requiring taxi services outside of normal hours are able to access them. This is not intended to imply that minimum service standards are not provided by existing operators, but raises the question as to whether there is a need to mandate them, to ensure that taxis continue to be available on demand.

There might also be implications for the owners of licences that are currently not operated if taxis were required to be available at specified times. These licences might not have taxis associated with them and the owner, who would probably be recorded as the responsible operator, might have no intention of operating a taxi under the licence at that time. Possible solutions might be for a distinction to be drawn between the holding of a licence and the operation of a taxi under that licence, or for licence owners choosing not to operate taxis under those licences to be required to relinquish the licence (refer to Section 6.2.3 for further discussion on this point).

The question of whether drivers should be obliged to accept phone bookings in country areas might also be relevant. The Regulations do not require drivers to accept phone bookings<sup>59</sup>. Reasons for drivers not accepting bookings might include the value of the fare compared to the time required to complete the hiring or because they do not have sufficient capacity to undertake the hiring.

In metropolitan areas, people who cannot get a taxi might often have alternative options, such as a bus service or another taxi company. However, in rural areas, this option is not available. It is important to consider whether there should be any obligations placed on taxi operators, as providers of supplementary public transport, to undertake all requested hirings, despite the fact that they might be unprofitable or even cost the operator money. In raising this issue, it is not intended to suggest that rural drivers and operators refuse bookings regularly or for what might be considered trivial reasons, but to gain feedback on whether this is a problem.

As with the issue of availability, any change to the ability of drivers to refuse bookings would raise significant concerns about the impact on the operator to manage his or her business effectively. It would also require valid reasons for refusal to be determined, which would be

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<sup>59</sup> Taxi Industry Regulations, Regulation 24(6)(a) provides that a driver must not refuse to accept a hiring while the taxi is in a taxi zone, other than for prescribed reasons. There is no provision that prohibits refusal of a phone booking.

difficult, as a valid reason for one operator might not be deemed 'valid' for another operator. Further, enforcement of such a provision is likely to be extremely difficult.

### **6.2.2. Fares**

Taxi fares in the non-metropolitan areas, other than King and Flinders Islands, which have higher fares and Ulverstone, which has the metropolitan fares, are 1.24 per cent lower than in metropolitan areas. This was due to the introduction of security cameras into taxis in the metropolitan areas and Ulverstone. The additional 1.24 per cent was granted in these areas on top of a general fare increase in July 2003. Prior to this, fares were the same across all taxi areas other than King Island and Flinders Island.

This approach differs from most other states, which, in general, specify higher fares for country areas. The exceptions are South Australia, where country fares are regulated by local councils, the ACT, which does not have country taxis, and Western Australia, where the fares in some country areas are marginally lower than in the metropolitan area, but where fares in the more remote areas are significantly higher.

In New South Wales (NSW) taxis are classified either as 'urban' or 'country' and different fare structures are applied to each area. In particular, in the country areas, the kilometre rate increases by about 40 per cent after the first twelve kilometres of the journey. NSW taxi fares are determined by the use of a taxi cost index. There are differences between the weightings given to the various components of the index in the urban index and in the country index. The method for determining fare increases is therefore slightly different in the country areas than that used in the urban areas, which reflects the different structure of operating costs in country areas.

### **Surcharges**

At present the only surcharge applied in the non-metropolitan areas is the \$2.60 non-metropolitan taxi area surcharge, which is applied to hirings taking place between midnight and 5:00 am<sup>60</sup>. This recognises that country taxi businesses are not normally fully operational 24 hours a day and that special arrangements often need to be made to enable a taxi to be available late at night.

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<sup>60</sup> Taxi Industry Regulations, Schedule 4, Item 4(1).

### **Dead running and out of area journeys**

Dead running is the time taken by a taxi to arrive at the place where the hiring is to commence and to return to its origin at the conclusion of a hiring. The time required could be significant, for example in circumstances where a taxi is called from a neighbouring town to undertake a hiring solely within the next town and then return to its home base. The cost of undertaking such a journey would probably be higher than the fare paid. Under the Taxi Industry Regulations, the driver can only start the meter once the journey commences and must stop it once the journey is finished<sup>61</sup>. There is no provision that allows for dead running time to be added to the fare.

In such a situation drivers need to assess whether the fare justifies the additional travel. They are not obliged to accept a booking, so are entitled to refuse to undertake these hirings. Drivers might try and arrange in advance to undertake a number of hirings close to each other so that the journeys are more cost effective, or they might remain in the other town for a period of time to service the rank and hail market. Where a taxi is in an area at a specific time, such as on a Friday night, potential clients would be more likely to use the taxi than if they had to pre-book and wait for it to arrive.

There are a number of issues associated with dead running, and it is not an issue restricted to rural taxi areas. Dead running also occurs in metropolitan areas. For example, where a taxi is required to travel to an outer suburb to undertake a short hiring. If this issue were to be addressed in rural areas, it could be argued that the same provisions should apply to metropolitan taxis in the same situation. If a dead running 'fee' were to be introduced, careful consideration would need to be given to the distance at which it could be applied.

In relation to dead running to travel to a short trip, in response to DIER's 2005 discussion paper on taxi fares produced as part of this review of the legislation<sup>62</sup>, there was some discussion about the introduction of a minimum fare for all hirings. It was argued that this would assist in offsetting the costs associated with undertaking very short journeys, especially if the driver has driven considerable distance to undertake the hiring. An alternative view was that the decision to implement such a charge should rest with the driver or the operator. It was suggested that rather than regulating a minimum fare, the option to introduce such a fare should be available to operators, who could choose whether or not to charge it.

Longer journeys, which might terminate outside the taxi's area, such as journeys from outlying areas to major airports, might also be seen as problematic. This issue is managed differently in different states. For example, in Victoria, if hiring begins or ends more than 80 kilometres from the principal post office in the relevant taxi zone, the regulated fares do not apply and the

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<sup>61</sup> Taxi Industry Regulations, Regulation 24(2).

<sup>62</sup> Department of Infrastructure, Energy and Resources: *Review of the Taxi and Luxury Hire Car Industries Act 1995 Paper 2 – Taxi Fare Setting Mechanisms and Driver Pay and Conditions*, December 2005.

passenger and driver agree to a fare prior to the start of the trip. There is also provision for an 'out of zone' surcharge, which is not regulated and is agreed between the driver and the passenger. This applies if a taxi needs to travel outside of its zone to pick up a passenger (which is generally a five to eight kilometre radius from the relevant post office) and transport them to a destination that is also outside the taxi's zone.

In regional areas in Western Australia where taxi trips are taken between country towns, an off-meter rate is charged. The metered rate is applied until the taxi leaves the defined town area (for example, the town area might be defined as a 30 kilometre radius from the post office), and the off-meter rate applies thereafter. The off-meter rate is a per kilometre rate and is applied to both legs of the journey (i.e. including the return to the defined boundary of the town of origin) and is slightly more than half the normal per kilometre rate. This means that the fare is higher than the one-way fare would have been if normal metered rates had been applied, but not as high as twice the metered fare. This compensates the driver to some extent for the period of dead running, while not burdening the passenger with a fare for twice the length of the journey they actually undertake.

The need to compensate the driver for long periods of unproductive travel needs to be balanced with the capacity and willingness of users to pay. The elasticity of taxi fares is considered in DIER's discussion paper on fares. There is a view that the demand for taxi services as a whole is likely to be relatively inelastic – i.e. that an increase in the cost of taxi services will lead to a reduction in demand<sup>63</sup>. Given the already low demand for taxi services in rural areas, fare increases to cover dead running might have a significant impact on the use of taxis within these areas. For instance, users might turn to more affordable transport options if these are available to them, or they might choose to travel less frequently. It will therefore be important to consider how this issue can be addressed without disadvantaging users, many of whom might already be disadvantaged in terms of their access to transport.

### **6.2.3. Licences**

Rural taxi licences are not often sold on the market, although new licences are made available by the Government every year. Since 1 January 2001 only 23 licences have changed hands, many of these multiple licences in the same area. This is compared to almost 80 transfers in Hobart and over 40 in Launceston in the same period. The industry has expressed concern that due to the small number of transfers, and zero transfers in most areas, it is not possible for the Valuer-General to accurately assess market values for these licences in accordance with the Act<sup>64</sup>.

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<sup>63</sup> Essential Services Commission, Victoria: op. cit, page 93.

<sup>64</sup> Taxi and Luxury Hire Car Industries Act, Section 11.

The Valuer-General has determined that the past trading prices of licences will form the basis of the new AMV. This is a useful way for determining the AMV in areas where licences are traded regularly. However, in taxi areas where recent trades have not occurred, the Valuer-General will base the assessment on trades within areas of similar demographic and geographic characteristics. Concerns have been raised about the process used by the Valuer-General and about the avenues for appeal against a valuation open to operators.

DIER's position in relation to the valuation of licences has been that the Valuer-General provides an independent assessment of the value of licences and that the information used to make this assessment should be left to the discretion of the Valuer-General. In particular, DIER has not supported calls for licence holders to be involved in the assessment of the AMV of taxi licences, as existing owners are likely to be motivated to achieve the highest possible AMV to limit competition and maximise the value of their existing perpetual licence. It should be noted that the AMV is the reserve price, which is the minimum price at which new licences will be made available. The actual market value of a licence will be determined through the tender process for the issue of new licences and through subsequent licence trades. This is different from the capped licence value, which was specified in the previous legislation, and which represented the price above which licences were not intended to rise.

Some rural taxi licence owners maintain that the actual market value of their licences exceeds the AMV determined by the Valuer-General. However, this view is not supported by the market. New licences have been available from the Government in all non-metropolitan areas at the AMV since 2004. However, in most areas, the licences have not been taken up. If licences have not been taken up at the AMV, it is difficult to establish a claim that the actual market value is greater than the AMV.

To date no licence owner has appealed against an AMV determination by the Valuer-General. DIER's view is that decisions of the Valuer-General are subject to appeal under the *Judicial Review Act 2000*. For this reason, appeal rights were not included in the Taxi and Luxury Hire Car Industries Act, although the scope for use of the Judicial Review Act for this purpose has not been tested.

#### **6.2.4. Issue of licences**

The Act provides for new perpetual licences to be made available in every taxi area every year. The number made available is equivalent to five per cent of the number of perpetual licences currently on issue in the area, or one licence, whichever is the greater<sup>65</sup>. For the non-metropolitan areas, this means that one licence is made available initially. The minimum price at which new licences are made available is the AMV. However, if the average tender

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<sup>65</sup> *ibid.*, Section 19 (2).

price in a taxi area exceeds the AMV by more than ten per cent, and all the licences in that area have been sold, the Commission must make further licences available<sup>66</sup>. It is therefore possible that two licences could be sold in a non-metropolitan taxi area in the same year.

There are no restrictions on who is able to apply for the licences, and the highest tenderer is entitled to be issued with the licence. In Tasmania most country taxi licences are owner-operated, with only a small proportion being leased. This is in contrast to the metropolitan areas, where most licences are leased. This allows a licence to gain a transfer value as a perpetual asset and results in the scarcity value of the licence being the main driver of profit in the industry. This issue is of concern, especially to active industry participants, who are required to return a significant proportion of their income to the licence holder, which in turn reduces their own incomes.

In some other states, preference is given to active industry participants when issuing new licences. For example, in Western Australia, tenderers do not bid for the licence on price, but rather are selected on the basis of their capacity to provide the best taxi service<sup>67</sup>. (In the Perth area, new licences are only available on lease from the Government and are only available to drivers.) In Victoria, as noted previously, preference for new licences is given to existing operators or to drivers.

In some taxi areas, licences are held but are not operated. The reason for doing this might be that the owner is retaining the licence in the hope of selling it in future for a high return, or that the owner considers that the market would not support an additional taxi operating on that licence, but that demand might increase in future and that they would want to operate or lease the licence at that time. This provides some uncertainty for existing operators if they do not own the inactive licence/s.

At present there is no requirement for licences to be operated and owners are entitled to hold a licence for an unlimited time without operating it. This might give an inaccurate picture of the state of the market in an area. It could also diminish the effectiveness of the annual release of new licences into these areas, as it is unlikely that new licences would be taken up in an area if existing licences are not being operated due to lack of demand, although this has occurred in the past.

If a requirement were introduced that all licences on issue must be operated or returned to the Government, this would raise a number of issues, including issues around the Trade Practices legislation. It might be difficult to enforce. For instance, it is not clear whether a taxi that operated only on Friday nights or for one hour on a Saturday morning would be considered to

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<sup>66</sup> *ibid.*, Section 19 (5).

<sup>67</sup> Travers, the Hon Ken, MLC: *op. cit.*, page 11.

be 'operated', and if not, what the minimum requirements of operating would be (see Section 6.2.1).

#### **6.2.5. Vehicle specifications**

Under the current arrangements, rural taxis must meet the same specifications as metropolitan taxis, other than the age requirement. Rural taxis can be aged up to seven years when they first start operating as a taxi and can operate up to ten year of age, compared to five years and eight years for metropolitan taxis. This enables country taxi operators to purchase second hand metropolitan taxis or other vehicles, which would result in a significant reduction in their capital costs.

In part, this provision recognises that country taxis are likely to travel a lower number of kilometres per year than urban taxis and are therefore likely to be in better condition for longer. However, a vehicle that was seven years of age at entry could still have travelled a significant distance; for example, if it had been previously used as a metropolitan taxi either in Tasmania or on the mainland.

The age requirement ensures that a reasonable standard of vehicles is maintained, with only relatively recent model vehicles being allowed to operate as taxis. However, it could be argued that a 20 year old vehicle having travelled fewer than 200 000 kilometres (e.g. XF Falcon or VL Commodore) might be in better condition than a seven year old vehicle that has travelled 700 000 kilometres (e.g. an ex-mainland taxi), it is possible that passengers would prefer to travel in a newer model vehicle.

There are likely to be several factors that would determine whether an operator would purchase a vehicle for use as a taxi, including the age of the vehicle, kilometres travelled, the likely lifespan of the vehicle, the price of the vehicle, and the potential resale value of the vehicle once it had finished operating as a taxi.

#### **6.2.6. Security cameras**

Security cameras are not mandatory in the non-metropolitan areas other than Ulverstone. Operators in non-metropolitan areas may install cameras if they choose to do so. If they do, the cameras must comply with the security camera specifications in the Taxi Industry Regulations<sup>68</sup>.

The introduction of the cameras followed a long period of negotiation between DIER and the then Taxi Industry Association of Tasmania (TIAT), and was subject to considerable community debate. The primary reason for introducing cameras related to driver safety, following a number of violent crimes committed against taxi drivers. A number of options for providing greater

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<sup>68</sup> Taxi Industry Regulations, Regulation 28B.

security to drivers were investigated, namely security screens, duress alarms and cameras. Based on an analysis of these options and experiences in other jurisdictions, cameras were considered to be the most effective means by which to achieve this goal.

It was considered that cameras should be mandatory in all taxis in these areas so that their full deterrence value was achieved, by sending a clear message to the community that all taxis were fitted with cameras. If only some taxis were fitted with cameras, the impact would have been reduced. Mandatory installation would also ensure all drivers were provided with a similar level of security, particularly employed drivers who had little control over their workplace equipment. Further, given that a portion of the 2003 fare increase was intended to cover the costs of the cameras, operators that did not install them and still charged the higher fares would have had a commercial advantage over those that did, as they would not have incurred the cost of installing the cameras.

The proposal was subject to a public Regulatory Impact Statement (RIS) process that concluded that the costs associated with the introduction of cameras were justified as being in the public interest.

The cameras were introduced in the taxi areas of Hobart, Launceston, Devonport, Burnie and Ulverstone, as these are the major metropolitan areas in Tasmania and it was considered that they were the areas most likely to benefit from cameras. In selecting these areas, consideration was given to factors such as population size and dispersal, geographical size of the area and its remoteness. These factors were considered important indicators in determining the extent to which an area might be exposed to the identified risk factors<sup>69</sup> to crime<sup>70</sup>.

It was considered that in general, taxi drivers in the non-metropolitan areas had a lower exposure to the identified risk factors compared to their metropolitan counterparts. In addition some key issues were identified that were considered to erode the benefits or increase the costs of cameras in these areas, which meant that the mandatory fitting of cameras in regional taxis could not be justified. These included the fact that most taxi work in non-metropolitan areas was pre-booked rather than rank/hail work, which provided the operator with an opportunity to assess the potential risks of undertaking a hiring, as well as enabling identification of the customer should the driver become a victim of crime. Drivers in non-metropolitan areas were more likely to know the area well and recognise strangers or high-risk customers. It was also expected that the cost of operating a camera would be greater in non-metropolitan areas.

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<sup>69</sup> The risk factors identified included evening and night work, intoxicated young male passengers, working alone, inadequate driver knowledge of an area, customers with limited funds and customers who are strangers. (Mayhew, C: "Violent Assaults on Taxi Drivers: Incidence and Risk Factors", *Trends and Issues in Crime and Criminal Justice* No. 178, Australian Institute of Criminology, 2000, cited in Department of Infrastructure, Energy and Resources: *Regulatory Impact Statement – Proposal to Introduce Security Cameras in Tasmanian Taxis*, April 2002, page 7.

<sup>70</sup> Department of Infrastructure, Energy and Resources: *Regulatory Impact Statement – Proposal to Introduce Security Cameras in Tasmanian Taxis*, April 2002, page 18.



For example, technical assistance, including installation, maintenance and downloading, would be more difficult to access in regional areas. Given the lower revenue per taxi in the non-metropolitan areas, a greater fare increase would have been required for operators to recoup the costs of installing the camera<sup>71</sup>.

DIER seeks guidance from non-metropolitan operators as to whether there are any taxi areas where risk factors might have increased or potential costs have been reduced that might now benefit from the mandatory installation of security cameras.

#### **6.2.7. Questions**

6. Do operators in rural areas provide a 24 hours a day, 7 days a week taxi service? Should minimum hours for the operation of a taxi be prescribed? If so, why? What should be the 'core' hours? Would this have implications for licences that are not currently operated?
7. Should drivers be obliged to accept phone bookings? Under what circumstances might this be appropriate?
8. Should non-metropolitan taxi fares continue to be less than fares in metropolitan areas?
9. Is there a need to introduce a different method of determining taxi fares in the non-metropolitan areas?
10. Should fares be increased for longer journeys in rural areas?
11. Is dead running a major issue in rural areas? Should drivers have the ability to apply a charge that will compensate them for significant amounts of dead running (e.g. minimum fare, return to area charge etc)? What effect would this have on demand of taxis? How could these charges be introduced in a way that does not disadvantage people that rely on taxis for transport? Would such charges be equally applicable to urban areas?
12. Is the current method of valuing licences in rural areas appropriate? How could licences be accurately valued in areas where few or no transfers have occurred in the three years since the previous valuation?
13. Should non-metropolitan taxi licences be made available only to people who will actively operate the licence? What regulatory changes would be required to permit this?

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<sup>71</sup> *ibid.*, pages 19–20.

14. Should there be a requirement that all taxi licences on issue be operated? What would be deemed an acceptable level of operation?
15. What is the average age of a taxi entering service in a rural area? How many kilometres would a vehicle normally have driven prior to being used as a taxi? How many kilometres would a country taxi normally travel in its lifetime? Would it be more appropriate to replace the existing age restrictions with mileage restrictions? What should the mileage restrictions be? Should both age and mileage restrictions be available?
16. Should security cameras be mandatory in some or all non-metropolitan taxi areas? If so, on what basis?

### 6.3. WATS in rural areas

#### 6.3.1. Introduction of WATs in Tasmania

Wheelchair accessible taxi (WAT) licences were first made available in Tasmania in 2004 as a result of the introduction of the *Taxi and Luxury Hire Car Industries Amendment Act 2003* (the Amendment Act).

The Amendment Act removed the discretion of the Transport Commission in relation to issuing new perpetual taxi licences, by introducing a requirement to the Act that the Commission must make available new perpetual licences in each taxi area equivalent to five per cent of the number of perpetual licences in that area, or one licence, whichever is the greater<sup>72</sup>.

The Amendment Act provided for a two-year moratorium on the release of perpetual taxi licences in the Hobart, Launceston, Devonport and Burnie taxi areas to enable WAT licences to be released in these areas<sup>73</sup>. As a result, over 2004–2005, 33 WAT licences were made available, 31 of which have been taken up. The 2005 licences in Burnie and Devonport were not taken up. The WAT licences effectively displaced the same number of standard perpetual licences that would otherwise have been made available in those areas. In 2006, further WAT licences will be made available in Hobart, Launceston, Devonport and Burnie in place of perpetual licences, in accordance with the provisions of the Amendment Act<sup>74</sup>.

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<sup>72</sup> Taxi and Luxury Hire Car Industries Act, Section 19.

<sup>73</sup> Taxi and Luxury Hire Car Industries Amendment Act 2003 (Tas), Section 16.

<sup>74</sup> Section 16(2) of the Taxi and Luxury Hire Car Industries Amendment Act allows the Minister to extend the moratorium on the issue of perpetual licences in some or all of the metropolitan areas if it is considered that the response times of WATs are not equivalent to the response times for standard taxis in any area, as required by the Disability Discrimination Act.

The introduction of WAT licences is in response to the requirements of the *Disability Discrimination Act 1992* (Commonwealth) (DDA), which aims to eliminate discrimination, as far as possible, against people with disabilities, in a range of areas including the provision of services. Public transport, which includes taxi services, is a service covered by the DDA.

The *Disability Standards for Accessible Public Transport 2002* (the Disability Standards) prescribe how public transport is to be made accessible for the purposes of the DDA. For instance, they prescribe minimum standards for access to accessible vehicles and the size of vehicles. In relation specifically to WATs, the Disability Standards require that response times for WATs are the same as for other taxis by 1 December 2007<sup>75</sup>.

While WAT licences were only made available in the metropolitan areas, the Act provides for operators in other areas to apply to the Commission for a WAT licence<sup>76</sup>. To date, no such applications have been received, although there has been one preliminary expression of interest in a non-metropolitan WAT licence.

The DDA does not distinguish between metropolitan and non-metropolitan areas in relation to the provision of transport services to people with disabilities. This means that under the DDA, wheelchair-reliant people in rural areas should have the same access to taxi services as users of standard taxis, and the level of service should be equivalent to that of a standard taxi.

The Disability Standards place the responsibility for ensuring that response times for WATs are the same as for other taxis with radio networks and taxi co-operatives<sup>77</sup>. It might be argued that this does not include sole owner-operators, and that therefore WATs are not required in the smaller taxi areas. However, DIER is concerned about the possible consequences for the industry if it fails to comply with the requirements of the DDA.

There is scope for disability action groups to make claims of discrimination if such access is not provided. For example, in Roma Queensland (population approximately 7 000) a disability action group successfully lobbied the Queensland Government to review a policy that prevented the issue of an accessible taxi licence in the town<sup>78</sup>. The same group instigated a successful court action against a local council in relation to a number of accessibility issues, resulting in a legal bill of almost \$200 000 for the council<sup>79</sup>.

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<sup>75</sup> *Disability Standards for Accessible Public Transport 2002*, Schedule 1, Part 1.2.

<sup>76</sup> Taxi and Luxury Hire Car Industries Act, Section 23N(2)(b).

<sup>77</sup> *Disability Standards for Accessible Public Transport*, Schedule 1, Part 1.2.

<sup>78</sup> Access For All Alliance (Hervey Bay) Inc. website: [www.accessforall.org.au/news\\_page\\_4.htm](http://www.accessforall.org.au/news_page_4.htm) accessed 19 January 2006.

<sup>79</sup> Access For All Alliance (Hervey Bay) Inc. website: [www.accessforall.org.au/waste.htm](http://www.accessforall.org.au/waste.htm) accessed 19 January 2006.

WATs are the subject of the fourth discussion paper in the project to review the legislation, and further information on their operation can be found in that paper, which has been produced concurrently with this paper<sup>80</sup>.

This section will examine the barriers to provision of WAT services in the non-metropolitan areas, and seeks to promote discussion on strategies to overcome these barriers.

### **6.3.2. Market for taxi services in non-metropolitan areas**

#### **Licences**

Many rural areas have a low level of demand for taxi services, with only one or two taxis per area. Eleven of the state's 24 taxi areas have three or fewer taxi licences, and a further three areas have only five licences. The introduction of a WAT into these areas would in some cases double the size of the taxi fleet, although it is also possible that a WAT could displace a standard taxi operating under an existing perpetual licence.

New perpetual licences have been available in the rural areas since 2004. However, in most areas the new licences were not taken up in either 2004 or 2005. This implies that the market for standard taxis might not support an additional standard taxi. A WAT service, with significantly greater set-up costs, would therefore not be commercially viable in many of these areas. With the lower demand for taxi services, the impact on existing operators might be significant, and the introduction of even one new licence might not be sustainable, unless the operators are able to obtain a share of community transport work in the area.

#### **Demand for wheelchair accessible taxis**

The number of people in rural and non-metropolitan areas that might use a WAT is not known. A recent study into the adequacy of wheelchair accessible taxi services in Tasmania<sup>81</sup> assessed the likely demand for WAT services. It cited the Australian Bureau of Statistics *Survey of Disability, Ageing and Carers* (2003), concluding that an estimated 4 200 people in Tasmania (about 0.89 per cent) may use a wheelchair, although they may not be completely reliant on a wheelchair<sup>82</sup>.

The study also reviewed the membership of the TAS, and found that approximately 0.6 per cent of the Tasmanian population (2 772 people) were registered as wheelchair-reliant members of the scheme<sup>83</sup>, although only about 1 000 of these people were regular users of WATs. Table 3

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<sup>80</sup> Department of Infrastructure, Energy and Resources: *Review of the Taxi and Luxury Hire Car Industries Act 1995 Paper 4 – Wheelchair Accessible Taxis*, February 2006.

<sup>81</sup> SGS Economics & Planning and Myriad Research: *Evaluation of Wheelchair Accessible Taxi Services* Final Report for the Department of Infrastructure, Energy and Resources, December 2005.

<sup>82</sup> *ibid.*, page 15.

<sup>83</sup> *ibid.*, page 18.

outlines the number of wheelchair-reliant TAS members (not all of whom use WATs on a regular basis).

**Table 3 – Number of wheelchair-reliant members of the Transport Access Scheme in regional areas at 30 June 2005**

| Region                                       | Wheelchair-reliant TAS members | Population of region | Proportion of population |
|--|--------------------------------|----------------------|--------------------------|
| North (excludes Launceston)                  | 151                            | 70 853               | 0.21%                    |
| <i>Launceston</i>                            | 773                            | 63 339               | 1.22%                    |
| Northwest & West (excludes Burnie/Devonport) | 130                            | 61 843               | 0.21%                    |
| <i>Burnie</i>                                | 118                            | 19 029               | 0.62%                    |
| <i>Devonport</i>                             | 133                            | 24 567               | 0.54%                    |
| South (excludes Hobart)                      | 119                            | 48 990               | 0.24%                    |
| <i>Hobart</i>                                | 1340                           | 185 904              | 0.72%                    |
| Total all three regions                      | 400                            | 181 686              | 0.22%                    |
| <i>Total Tasmania (all areas)</i>            | 2772                           | 477 100              | 0.58%                    |

This demonstrates that the proportion of wheelchair-reliant TAS members in regional areas is much lower than in metropolitan areas, and lower than the proportion across the state as a whole. This might reflect a reported tendency for people with disabilities that affect mobility and who require assistance with transport to move to towns and urban areas where they have better access to support services<sup>84</sup>. It might also be due to the likelihood that not all wheelchair-reliant people are members of the TAS. If there were no suitable taxi that a wheelchair-reliant person could access, there would be little reason for them to join the TAS. The number of TAS members is therefore not necessarily reflective of the number of wheelchair-reliant people in regional areas or of the demand for WAT services.

While providing some insight as to the number of WAT users or potential users in regional areas, TAS membership is not fully representative of the level of wheelchair-reliance in Tasmania. This is for a number of reasons, including:

- There were some discrepancies in the TAS membership register. Not all members currently classed as “wheelchair-reliant” actually rely on a wheelchair, and other members that were not reliant on wheelchairs when they joined the scheme have

<sup>84</sup> SGS Economics & Planning and Myriad Research: Rural Community Transport Audit & Review, page 24.

subsequently become reliant on wheelchair due to ageing or deterioration of their condition. DIER is currently rectifying this issue.

- In practice, not all wheelchair-reliant clients use WATs, with a proportion preferring to transfer into a standard taxi.

Based on the available information and the population of the regional areas, an estimate of the number of people who use wheelchairs in these areas is about 618 (0.34%)<sup>85</sup>.

### 6.3.3. Views of taxi operators on WATs

The RTS project interviewed taxi operators in rural areas about how a WAT service might work in their areas<sup>86</sup>.

Rural operators had mixed views on this issue. One operator stated “Transport won't issue WAT licenses to rural operators. This means I don't get 60 per cent rebate, only 50 per cent rebate. Passengers are disadvantaged.” This is not the case, as the Act provides for WAT licences to be issued in the non-metropolitan areas if a compliant application is made<sup>87</sup>.

Some non-metropolitan taxi operators have some wheelchair accessible vehicles in their fleets, but these are not WATs. For instance, in Huonville, the operator is operating a wheelchair accessible vehicle under a standard taxi license. In this case, a wheelchair-reliant passenger would only be entitled to a 50 per cent fare rebate from the TAS and the operator would not get a trip subsidy.

There was support from some rural operators for the introduction of WATs into rural areas. Some operators thought that WATs would work well in these areas due to the ageing population and the need for WAT services to be provided to people in rural areas as well as in urban areas. However, a number of problems were identified<sup>88</sup>. For example, in rural areas the distance required by the taxi to travel to pick up the passenger might be significant, and might end up costing the operator money if the job is very short. One such example is where the Burnie operator is called to Wynyard to undertake a job within Wynyard and then return to Burnie. Such a trip would involve 40 kilometres of ‘dead running’ time, which would not be covered by the fare, which might be less than \$10.00. At the same time, the driver would be unavailable to undertake any other work, and it is unlikely that they could pick up other work within the Wynyard area while they were in Wynyard.

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<sup>85</sup> Based on: estimated proportion of Tasmanian population using wheelchairs (0.89%) is 53% higher than proportion of Tasmanian population registered as wheelchair-reliant members of TAS (0.58%); applying a 53% increase to the proportion of regional Tasmanian population registered as wheelchair-reliant members of TAS (0.22%), gives 0.34% as an estimate of the proportion of people in regional areas that use wheelchairs.

<sup>86</sup> SGS Economics & Planning and Myriad Research: Rural Community Transport Audit & Review, pages 142-143.

<sup>87</sup> Taxi and Luxury Hire Car Industries Act, Section 23N(2)(b).

<sup>88</sup> SGS Economics & Planning and Myriad Research: Rural Community Transport Audit & Review, pages 142-143.

Other rural operators, especially operators of standard taxis were less supportive of introducing WATs, a common view being that there would not be sufficient work for WATs. In particular, several operators observed that wheelchair-reliant people used community vans or buses. It was also noted that the cost of a WAT was high in proportion to the likely amount of work. Comments on the use of WATs in rural areas included that there was a need for better subsidies for rural people. One operator suggested that a WAT was not required as there were only “two people using wheelchairs here and they have cars”<sup>89</sup>.

The RTS report observed that operators that operate in rural areas only are less favourable to WATs than those that operate partly in urban and partly in rural areas. It concluded that the viability of WATs is likely to vary from taxi area to taxi area<sup>90</sup>.

#### **6.3.4. Options for introducing WATs**

##### **Incentives for taxi operators**

Several measures have been introduced to offset the initial cost of purchasing a WAT, which can be up to \$85 000 once the modifications required to make it wheelchair accessible are complete.

WAT licences are issued at no cost, other than a small administration fee. Operators are paid a trip subsidy<sup>91</sup> (\$16.00 in Burnie and Devonport, \$12.00 in Launceston and \$10.00 in Hobart) for every journey in which at least one wheelchair-reliant member of the TAS is carried. This is intended to offset the high cost of the vehicle. Further, as trips can take longer to complete due to the time needed to load and unload a passenger in a wheelchair, WATs can charge a higher tariff for wheelchair journeys. The higher fares and trip subsidies are an integral component of the WAT scheme.

WATs are first and foremost taxis, and as such are able to provide standard taxi services as well as wheelchair accessible services. This is in contrast to special purpose cabs (SPCs), which prior to the introduction of WATs, provided taxi style services to wheelchair-reliant passengers under the limited passenger services provisions of the *Passenger Transport Act 1997*<sup>92</sup>. As these vehicles were not taxis and were unable to undertake standard taxi work, this was considered a ‘parallel’ service for the purpose of the DDA, and was therefore not compliant. WATs, on the other hand, are integrated with the mainstream taxi fleet and compete with standard taxis for work, consistent with the DDA.

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<sup>89</sup> *ibid.*, page 143.

<sup>90</sup> *ibid.*

<sup>91</sup> Taxi Industry Regulations, Regulation 28V and Schedule 6.

<sup>92</sup> *Passenger Transport Act 1997* (Tas), Schedule 2.

The incentives provided to metropolitan WAT operators might need to be reviewed to encourage the take-up of WAT licences in rural areas. For instance, the Taxi Industry Regulations do not specify the trip subsidy to be paid to WAT operators outside the metropolitan areas. Rather, this is determined on a case-by-case basis by the Transport Commissioner<sup>93</sup>. Higher trip subsidies might provide an incentive for WAT operators to enter rural markets. Other subsidies might also be considered. For example, a free licence in Hobart, where perpetual licences are currently valued at \$81 750,<sup>94</sup> could be a far greater incentive to an operator needing to purchase a vehicle for \$85 000 than it would be to an operator in an area such as the West Coast, where a perpetual licence is only valued at \$1 000<sup>95</sup>. Providing additional assistance to operators to meet the initial cost of the vehicle might assist in the introduction of WATs in these areas.

### **Taxi areas**

An alternative to introducing one WAT into each taxi area might be for one operator to offer a WAT service across two or more taxi areas. Under the current arrangements a new vehicle is required for each taxi area and a licence is required for each of these vehicles.

However, the Act allows the Commission to impose conditions on WAT licences relating to the area in which a WAT may operate<sup>96</sup>. This provision might be interpreted as allowing the Commission to permit a WAT to operate across more than one taxi area, although further advice would be required in relation to this interpretation. If this was not the case, the Act could be amended to permit multi-area WATs in rural areas.

This issue will also be considered in a separate discussion paper on the future of Tasmania's taxi areas. Amalgamating taxi areas might remove some of the barriers to the introduction of WATs in non-metropolitan areas by allowing WATs to operate in larger areas and therefore enabling them to access a larger market.

Multi-area WATs might be a workable option in smaller areas that are located close to each other. However, if a WAT was operating in too large an area, it is likely to become uneconomical to operate, given the large amount of dead running that potentially be required. It is also unlikely that customers would use these services. For example, a wheelchair-reliant person in Queenstown would not request a taxi from Deloraine or Smithton for a journey within Queenstown. They would be more likely to use services already available in Queenstown, such as standard taxis, family members or community transport.

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<sup>93</sup> Taxi Industry Regulations, Regulation 28V(2).

<sup>94</sup> Taxi Industry (Taxi Areas) Regulations, Regulation 7(b).

<sup>95</sup> *ibid.*, Regulation 7(w).

<sup>96</sup> Taxi and Luxury Hire Car Industries Act 1995 (Tas), Section 23P(2)(a).



### Vehicle standards

Under the Act, a vehicle used as a WAT must, at the time of introduction as a WAT, be either a new vehicle or a vehicle aged up to ten years if it had been previously used as a WAT in Tasmania<sup>97</sup>. The reason for this was to ensure that only vehicles of a high standard were used as WATs, and it is the basis from which the financial model determining the WAT fares and trip subsidy was developed.

It is likely that the cost of acquiring a new vehicle for use in a non-metropolitan area is a significant barrier to operators wishing to operate a WAT. Given the lower level of demand in the non-metropolitan areas, and therefore the lower revenue generated by the WAT, a significantly higher trip subsidy would be required to offset the cost of purchase of a new vehicle. This would have major financial consequences for the TAS, which has seen a 250 per cent increase in subsidies paid since 1997–98.

The requirement for a new vehicle does not apply to standard taxis, which in metropolitan areas can be aged up to five years when first registered as a taxi and up to seven years in non-metropolitan areas<sup>98</sup>. Thus, there is a precedent already established for permitting older vehicles to operate in non-metropolitan areas. One solution to reducing the cost of introducing WATs into these areas might be to allow older vehicles to operate as WATs.

It might be argued that allowing older vehicles to operate as WATs in non-metropolitan areas is providing a lower standard of service to wheelchair-reliant members of those communities than is provided to their counterparts in the urban centres. However, as noted previously, both the taxi market and the operation of taxis in non-metropolitan areas are significantly different than in metropolitan areas and regulations that are relevant in the metropolitan areas might impose significant barriers to the effective operation of services in non-metropolitan areas. Some relaxation of the regulations to enable a cost-effective service to be provided, such as in relation to the age of standard taxis, might be preferable than there being no service at all.

#### 6.3.5. Questions

17. What would be the costs and benefits of introducing WATs into the non-metropolitan taxi areas?
18. Is there a need for WATs in all non-metropolitan areas? If not, what would be the implications of not providing an equivalent service in compliance with the Disability Discrimination Act?

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<sup>97</sup> *ibid.*, Schedule 6, 1(c).

<sup>98</sup> Taxi Industry Regulations, Regulation 16 (2)(a).

19. Would WATs be commercially viable in non-metropolitan areas? If not, how could WATs be introduced as a viable service?
20. What incentives could be introduced to encourage operators to take up WATs in non-metropolitan areas?

#### **6.4. Relationship between rural taxis and community transport**

Taxi operators in rural areas were surveyed on their views on the taxi industry and its relationship with community transport as part of the RTS project<sup>99</sup>. The most common view from taxi operators was that taxis were losing work to community transport. Operators felt that more community transport should be provided by taxis, and less by community cars or buses. One suggestion was that access to community transport should be limited to those with 'real need', and that community buses should not be used in town, which would provide more work for taxis within town areas.

While a number of operators said that they could handle an increase in patronage, others stated that they were already at capacity. One operator identified troubles expanding due to lack of available drivers, a problem they stated was state-wide.

The RTS report noted that taxis are substantially more expensive for users than the cost of community transport, which uses volunteer drivers. The gap is smallest for local trips within rural towns. However, as noted in Section 5.2.4, many users of community transport were prepared to pay significantly more. The report suggested that the difference between the cost of community transport and the cost of an equivalent taxi journey could be reduced if taxis were encouraged or assisted to multi-load passengers where journey routes and times could be coordinated. This might be achieved by promoting a regular shopping run in the daytime or social runs in the evening at the same times each week or fortnight. HACC and other qualifying clients would be required to book in advance allowing the taxi operator to ensure that the vehicle is used efficiently for the largest number of clients<sup>100</sup>.

The report suggested that such an approach could be trialled as a supplement in areas where existing community transport is stretched and able to meet medical needs only. If successful, it could be extended to other communities or take on a larger part of the community transport load.

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<sup>99</sup> SGS Economics and Planning: Rural Community Transport Audit & Review, pages 141-142.

<sup>100</sup> *ibid.*, page 139.

#### 6.4.1. Affiliation with HACC

It might be possible for taxi operators to formally affiliate themselves with the HACC program and thus access HACC funding. This would enable them to provide a cheaper than normal taxi service to HACC clients, while still sustaining their profitability.

This type of arrangement exists in Western Australia, as noted in Section 5.3.5. The benefit of purchasing taxi services means that for most client transport, HACC Transport does not need to employ drivers or purchase or maintain vehicles. However, for 'high risk' clients such as those suffering from dementia, HACC runs two vehicles with paid, casual drivers. No volunteers are used in this scheme, except perhaps through local councils supporting individual passengers, helping with shopping and similar tasks<sup>101</sup>.

Before this scheme was adopted, there were a number of issues with community transport that needed to be addressed. Legislation required drivers to have 'Hire and Reward' classification licences, which some drivers did not have. Several agencies found it difficult to provide early morning and late evening drivers and many agencies could not provide weekend and evening transport assistance. Agencies covering similar areas had spare seats and were therefore not efficient, and individual agencies had been unable to look at the big picture in relation to clients requiring transport across several LGAs. There had been over-servicing of the same clients and there had been legal and insurance liability issues<sup>102</sup>.

The project has achieved cost-effective passenger trips, using taxis with acceptable and responsible caring drivers. There are effective and progressive timed pickups and successful multi-loading of vehicles, including WATs. The service provides transport seven days per week, including evenings, for medical, social outings and shopping trips. Overall the scheme has achieved minimised over-servicing and coordinated the bigger picture throughout LGAs. Legal and insurance challenges have also been addressed<sup>103</sup>.

#### 6.4.2. Supplementary community transport providers

Taxis have been used to supplement transport provided by community transport organisations in NSW. Such a scheme was trialled in a regional NSW centre in September 2003<sup>104</sup>.

In consultations prior to the implementation of the trial the community transport provider noted several issues that might be addressed through using taxis. These included the ability of the provider to meet demand within its existing resources, and how it would continue to provide the

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<sup>101</sup> *ibid.*, page 179.

<sup>102</sup> *ibid.*

<sup>103</sup> *ibid.*

<sup>104</sup> NSW Ministry of Transport, Country Transport Resource Kit accessed 11 January 2006 [www.transport.nsw.gov.au/countryresource/examples/taxi-community-cto.html](http://www.transport.nsw.gov.au/countryresource/examples/taxi-community-cto.html).

service if the availability of volunteers decreased further; the ability of the provider to meet demand for transport early in the morning, late at night or on weekends; and the ability of the provider to comfortably transport people in wheelchairs.

Concerns about using taxis for included the cost and the maintenance of the specialised style of service required for clients of community transport. It was noted that the taxi operator needed to be aware of the needs of the client group and that there needed to be agreement between the community transport provider and the taxi operator on acceptable service standards, including any additional training required by drivers.

The scheme operates by providing community transport clients with a \$4.00 voucher, which is used in part payment of a taxi fare, with the client paying the balance of the fare. For fares of less than \$4.00 the client pays the entire fare and does not use the voucher. Clients book directly with the taxi company.

There are a number of benefits of this scheme. Clients are able to travel on short notice at any time, rather than during the normal operating hours of the community transport provider. For wheelchair-reliant clients, a more comfortable service is provided than would have been provided by the community transport provided, as the taxi company had wheelchair accessible vehicles. The service also benefits the taxi company by providing it with additional business. It frees up the community transport provider to focus on clients with greater needs, as well as reducing its administrative costs by reducing the need to manage driver and vehicle rosters, or operate and maintain a vehicle.

It is not clear how this scheme interacts with the NSW Government's Taxi Transport Subsidy Scheme, which provides eligible members with subsidised taxi travel.

A similar scheme has been proposed in NSW, where the community service provider does not provide vouchers, but rather enters into an agreement with the taxi operator to provide capped fares to community transport clients. At July 2004 this scheme had not been implemented, but the administrative arrangements were in place so that the scheme could be introduced if the availability of community transport volunteers fell and taxis were needed to fill the gap.

#### **6.4.3. Options**

Community transport is an important component of the transport sector and provides assistance to a wide range of clients that might otherwise be unable to access services and facilities. While it plays a significant role in providing transport services to eligible transport-disadvantaged clients, it is not operated in a uniform way across the state. There are also a number of gaps that have been identified in the provision of community transport, in particular in relation to the clients that are ineligible to use its services (e.g. low income earners and young people) and in relation to its availability, especially outside of normal hours. It is also possible that in some

cases the community transport services are not always appropriately targeted and that as a result resources are diverted away from the delivery of transport or other services to those who are in particular need. Although this has not been directly identified as an issue, it was the case in the NSW example above, where the use of taxis to provide some services freed up the community transport operator to focus on clients with greater needs.

It would appear that there is scope for taxi operators to provide some community transport services, both by participating in existing programs and also by providing services to transport-disadvantaged people that are not assisted by community transport. The ways in which this might be done might differ in different areas according to the needs of the local residents. What might work in one area might not be appropriate for another area. There are a number of advantages of using taxis, including greater availability of vehicles, lower overheads for community organisations (i.e. not having to purchase vehicles), as well as advantages for the taxi operator, such as increased business.

It is also important to identify any provisions in the Act or Regulations that might prevent taxis from operating in a more flexible way to deliver these services. It would be useful to examine in further detail experiences from other jurisdictions, such as those outlined in Section 5.3, to determine why some programs have been successful and others have not, and how difficulties in implementing successful schemes might be resolved.

#### **6.4.4. Questions**

21. How could taxis be used in delivering some community transport services?
22. How could this be achieved without reducing returns to operators or imposing unreasonable expenses on clients?
23. Do any of the existing legislative provisions restrict the ability of taxis to provide innovative and flexible services to different sectors of the community?
24. Are the needs of Transport Access Scheme members in rural areas different to members in metropolitan areas, and if so, should the scheme operate differently in rural areas?
25. Could any of the schemes described in Section 5.3 be applied to areas where there is a need for more flexible transport in Tasmania?

## 7. Links with other issues

The issues raised in this paper are related to issues that will be considered later the review of the taxi industry legislation in separate discussion papers. Summaries of these issues are presented here in the context of rural taxi services and the issues discussed in this paper.

### 7.1. Taxi areas

There are currently 24 taxi areas in Tasmania. The areas are specified in the Taxi Areas Regulations<sup>105</sup> and define where a licensed taxi is able to operate, with taxis restricted to operating within, to and from the area to which their licence applies<sup>106</sup>.

This is to ensure that taxis are available in all areas. It also provides some fairness to the industry in that taxi operators who purchase licences in areas where the demand for taxi services, and hence licence value, is low cannot move their operations to areas where demand and licence values are higher, and thus gain a competitive advantage over operators who purchased licences for that area at a higher value.

A disadvantage of taxi areas is that they may contribute to a lack of supply of taxis in peak periods in areas where demand is high as operators are prohibited from moving outside their own area to busy areas. In the 1999 Review of the taxi industry legislation, the Taxi Industry Review Group concluded that this was not a major issue and that, except in cases of extraordinary high demand, there is sufficient availability of taxis to meet demand in all areas, even at peak times<sup>107</sup>.

The Review Group supported the retention of taxi areas, although there were some calls during the Review to amalgamate areas and/or to remove the area system altogether. For example, it was suggested that taxi areas could be changed to allow 'spill over' at the boundaries of each area. It was said that this would benefit users, as many rural areas had excess supply of taxis that could be used in adjoining areas to meet unmet demand in those areas<sup>108</sup>. However, the Review Group found that in the past, where the Transport Commission had been satisfied that there was unmet demand in a rural area, an additional taxi licence had been made available and that this had rectified the problem<sup>109</sup>.

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<sup>105</sup> Taxi Industry (Taxi Areas) Regulations, Schedule 1.

<sup>106</sup> Taxi Industry Regulations, Regulation 24(1).

<sup>107</sup> Taxi Industry Review Group: *Taxi Industry Act 1995 and luxury hire car legislation—Regulatory Impact Statement*, April 2000, page 36.

<sup>108</sup> *ibid.*

<sup>109</sup> *ibid.*, page 37.

The Review Group also noted that the difference in licence values in different areas was a barrier to allowing 'spill over', but that it might be feasible to remove or amalgamate taxi areas where there was little difference in licence values<sup>110</sup>.

The assessed market value (AMV) of licences determined in June 2003 varies across areas. Table 4 outlines the areas where neighbouring or nearby areas have similar AMVs.

**Table 4 – Taxi areas with similar assessed market values of taxi licences**

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

The Review Group contended that if there was demand for taxi services in areas, this would not disappear because the area system was removed. Further, it considered that given the demography of the state, little change would occur from the amalgamation of rural areas, but that there would be important benefits from doing so. Amalgamating areas would provide an increased flexibility for taxis to respond both to seasonal changes in demand in different areas (e.g. the coast in summer), as well as to longer terms changes to demand due to new infrastructure developments, such as industrial areas, and changing demographics<sup>111</sup>.

Ultimately, the Review Group was not able to ascertain whether the number of rural taxi areas was optimal and recommended that further work be undertaken to assess the feasibility of amalgamating adjoining taxi areas with similar assessed market values<sup>112</sup>. This work will be informed by a future discussion paper in the process of which this paper is a part.

Amalgamating taxi areas might also remove some of the barriers to the introduction of WATs in non-metropolitan areas by allowing WATs to operate in larger areas and therefore being able to

<sup>110</sup> *ibid.*.

<sup>111</sup> *ibid.*.

<sup>112</sup> *ibid.*.

access a larger market. However, as noted in Section 6.3.4, there will be a limit to the size of an area that a WAT will be economically able to operate in, and it is unlikely that customers would call a WAT from a town some distance away to undertake a relatively short journey in their own town, especially if there are alternatives available.

## 7.2. Radio rooms

The Review Group noted the important role radio rooms play in the industry. It recommended that the role of radio rooms be reviewed to consider whether they can adequately promote competition for taxi services within areas and whether they can improve their capacity to respond to and adopt innovative practices and new technologies<sup>113</sup>. There may also be a role for radio rooms in improving taxi services in rural areas through improved communication.

In 2005 DIER commissioned research into the regulation of taxi dispatch services (TDSs) in Australia and compulsory taxi operator affiliation or membership<sup>114</sup>. This research found that all States and Territories outside Tasmania regulate their TDSs. In these jurisdictions membership of or affiliation with a TDS is compulsory for all taxi operators. In the Northern Territory the provisions have not been actively enforced.

In other jurisdictions legislative provisions regulate TDSs, and there is an accreditation process by which the proper operation of the networks is ensured. Most jurisdictions have requirements that must be met by an applicant for a licence to operate a TDS. This may include providing proof that infrastructure requirements are met, proof of business registration and a licence from the Australian Communications Authority.

The role of TDSs varies across states, and the services provided by the TDS are generally prescribed by legislation. In most jurisdictions the TDS has to ensure that taxi operators are accredited, and ongoing reporting and monitoring of service levels is required. TDSs are required to ensure safety standards and provide electronic monitoring facilities, and in some jurisdictions are responsible for taxi driver training and maintenance of vehicles.

DIER's research found that in most jurisdictions the TDS requirements were applied on a less stringent basis in non-metropolitan or country areas. It noted that country networks often consist of a small number of taxis, which is normally fewer than the 'critical number' needed to make a TDS viable, and that the networks are operated out of an informal office situation or mobile office. As a result, conditions that apply to metropolitan TDSs might not necessarily be appropriate to smaller country networks, so the TDS requirements and compulsory membership

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<sup>113</sup> *ibid.*, page 12.

<sup>114</sup> Unpublished report for DIER on the Regulation of Taxi Dispatch Services in Australia and Compulsory Taxi Operator Affiliation or Membership, January 2005.



are often not strictly adhered to. This is likely to apply equally to networks in the smaller Tasmanian centres, where it is unlikely that regulation and compulsory membership of radio rooms would be workable. Most rural taxis do not operate out of a radio room in the same way as larger networks in Hobart and Launceston operate. Smaller operators and their drivers are likely to answer phone calls themselves, with calls diverted to a mobile phone in the taxi if no one is in the office. Where there is more than one taxi in an area, drivers might work on an 'on call' basis rather than having someone at the base during the night. In taxi areas where there is only one taxi licence, the concept of a radio room is probably irrelevant.

Radio rooms that operate across taxi areas might be considered as an alternative. There might be scope to introduce central radio rooms that cover a number of country taxi areas in a region (e.g. North-West, North-East and South). If some taxi areas were to be amalgamated, a single radio room might be able to be introduced into each expanded area. These alternatives would need to be explored further with rural taxi operators to determine whether there would be any advantages in this approach, for example by way of reduced administrative or overhead costs, or whether the costs would outweigh the benefits. For example, clients might feel more comfortable dealing directly with a known operator in their local area, rather than a more centralised dispatch system.

It is also worth bearing in mind that the smaller radio rooms are unlikely to have the financial capacity to introduce new expensive technology, and the benefits of such technology might be much less for country networks than for their metropolitan counterparts.

## 8. Further information

The *Taxi and Luxury Hire Car Industries Act 1995* Review Project is being conducted by the Passenger Transport Policy Branch of the Department of Infrastructure, Energy and Resources (DIER).

The Taxi Industry Reference Group is meeting over the course of 2006 to consider a range of issues that will inform the rewriting of the *Taxi and Luxury Hire Car Industries Act 1995*, the *Taxi Industry Regulations 1996* and the *Taxi Industry (Taxi Areas) Regulations 1996*. The issues being considered are:

- Fare setting mechanisms and driver pay & conditions
- Links between taxis and community transport
- Wheelchair accessible taxis
- Taxi and luxury hire car accreditation under the Passenger Transport Act/ Industry code of conduct
- Interaction between taxis and luxury hire cars
- Taxi areas
- Role of radio rooms
- Review of national competition policy changes to the *Taxi and Luxury Hire Car Industries Act 1995*
- Technical and other amendments to the *Taxi and Luxury Hire Car Industries Act 1995*

The discussion papers are available on DIER's website at [www.transport.tas.gov.au/miscellaneous/taxi\\_review.html](http://www.transport.tas.gov.au/miscellaneous/taxi_review.html). Members of the taxi industry wishing to contribute their views to the project can contact one of the industry representatives on the Reference Group or can make a written submission to DEIR. Members of the public are also invited to contribute. Submissions can be emailed to [taxi.review@dier.tas.gov.au](mailto:taxi.review@dier.tas.gov.au) or sent in hard copy to the address below.

Further information on the project can be obtained from:

Taxi Industry Legislation Review  
Passenger Transport Policy Branch  
Department of Infrastructure, Energy and Resources  
GPO Box 936  
HOBART TAS 7001  
Phone: (03) 6233 2865  
Email: [taxi.review@dier.tas.gov.au](mailto:taxi.review@dier.tas.gov.au)

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

**Rural Taxis**

Appendices

## Appendix 1: Glossary of Terms

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### Legislation

|  |  |
|--|--|
| DDA  | <i>Disability Discrimination Act 1992 (Commonwealth)</i>         |
| Disability Standards                       | <i>Disability Standards for Accessible Public Transport 2002</i> |
| The Act                                    | <i>Taxi and Luxury Hire Car Industries Act 1995</i>              |
| The Amendment Act                          | <i>Taxi and Luxury Hire Car Industries Amendment Act 2003</i>    |
| The Regulations; Taxi Industry Regulations | <i>Taxi Industry Regulations 1996</i>                            |
| Taxi Area Regulations                      | <i>Taxi Industry (Taxi Areas) Regulations 1996</i>               |
| PT Act                                     | <i>Passenger Transport Act 1997</i>                              |

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### Acronyms

|      |  |
|------|--|
| ACT  | Australian Capital Territory                             |
| AMV  | Assessed market value                                    |
| CTST | Community Transport Services Tasmania                    |
| DDA  | <i>Disability Discrimination Act 1992 (Commonwealth)</i> |
| DIER | Department of Infrastructure, Energy and Resources       |
| ESC  | Essential Services Commission, Victoria                  |
| GST  | Goods and Services Tax                                   |
| HACC | Home and Community Care program                          |
| LGA  | Local government area                                    |
| LPG  | Liquefied petroleum gas                                  |
| NSW  | New South Wales  |
| RIS  | Regulatory Impact Statement                              |
| RTS  | Rural Transport Solutions project                        |
| SPC  | Special Purpose Cab                                      |
| TAS  | Transport Access Scheme                                  |
| TDS  | Taxi dispatch service (radio room)                       |

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|      |                                       |
|------|---------------------------------------|
| TIAT | Taxi Industry Association of Tasmania |
| VTA  | Victorian Taxi Association            |
| WAT  | Wheelchair accessible taxi            |

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## **Appendix 2: Taxi Industry (Taxi Areas) Regulations 1996**

### **SCHEDULE 1 – Taxi Areas**

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

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

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

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

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

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

- (b) that part of the municipal area of Launceston west of an approximately north/south line drawn through the junction of Trotters Lane and Westbury Road and south of an approximately east/west line through that junction.

16. Tasman taxi area

The municipal area of Tasman.

17. Ulverstone taxi area

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

18. West Coast taxi area

The municipal area of West Coast.

19. West Tamar taxi area

The municipal area of West Tamar.

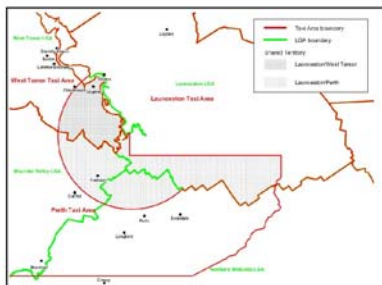


### Appendix 3: Taxi Areas

#### Tasmanian Taxi Areas



Shared Zone - Launceston, Perth & West Tamar Taxi Areas



Hobart Taxi Area



## Appendix 4: Resources

Australian Government Department of Health and Ageing: *National Program Guidelines for the Home and Community Care Program 2002* and *A Summary of the National Program Guidelines for the Home and Community Care Program 2002*

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