Come along for the ride!

COMMERCIAL PASSENGER VEHICLE INDUSTRY REVIEW REPORT

February 2016
I am confident that this regulatory reform package will provide the basis for a competitive and sustainable commercial passenger vehicle (CPV) model, which allows for industry growth and development, is responsive to population growth pressure, has a focus on quality service and holds the needs of customers as its primary driver.

This reform package forms part of the Department of Transport’s Roadmap for future Integrated Transport Planning and Investment which provides a long term, over-arching plan for delivering transport infrastructure and services to drive economic and social growth for all Territorians. In addition, this package also delivers on Government’s commitment to reducing red tape without compromising safety.

The Northern Territory Government has listened to all stakeholders in the CPV industry, from those who drive a vehicle, to owning and operating a business, and most importantly passengers. The Territory Government considers the approved regulatory reforms are an acceptable balance between the interest of the CPV industry and the interest of consumers, and gives the industry every opportunity to take action to improve performance, increase service availability and attract and retain good drivers.

This package forms a key element of the Northern Territory Government’s Framing the Future Strategic Plan, through the Prosperous Economy objectives, by making the CPV industry more competitive and responsive to customer needs.

This reform package will move the current CPV industry into a position where it will be able to meet the future growth of the Territory by providing better quality services to consumers, having increased access to key transport services, providing a co-regulatory relationship between Government and industry and moving towards an innovative and demand response environment.

These are exciting times for the Northern Territory.

The Hon Peter Chandler
Minister for Transport
February 2016
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EXECUTIVE SUMMARY

The Northern Territory Government commenced a Review of the Commercial Passenger Vehicle (CPV) industry. The intention of the Review was to create a modern, safe, innovative CPV industry that meets the needs of a growing, diverse population and offers opportunities for drivers and operators to achieve growth in the industry within a competitive market environment.

This Report provides a summary of the Review process, an overview and analysis of comments received during the consultation process, and the Government plan to put customers at the centre of the Review and achieve improvements in the CPV industry.

1.1 The Need for Change

A Review Position Paper, ‘Come Along for the Ride!’, released in November 2014, highlighted a range of issues which had identified the need for change. These issues included:

- the need for a reliable and professional customer-focused service;
- improved services for people living with disabilities;
- addressing practices that result in poor customer service;
- improved safety for drivers and passengers;
- addressing the service gap between demand and supply;
- addressing service reliability;
- taxi driver ability to enter the industry in their own right; and
- addressing the illegal sub-leasing of taxi licences.

Throughout the consultation process community members consistently commented on poor taxi service and availability. There has also been growing concern within Government, and industry, about operators who are illegally sub-leasing taxis to drivers. These arrangements have a negative impact on both the industry and customer service.

Extensive consultation with the taxi industry confirmed the fact that industry representatives are keen to improve the reliability and quality of services. Industry representatives identified the following barriers to achieving this goal:

- having no real authority to discipline poor performers;
- individuals not being held accountable for their actions;
- taxi driver ability to enter the industry in their own right;
- the attitudes of some drivers regarding the provision of quality customer service; and
- the perceived lack of enforcement of regulations by Government.

The general view of taxi industry experts, and of Government, is that over-regulation results in:

- industry stagnation;
- a lack of incentive to promote service quality;
- a lack of capacity to meet increasing demand;
- late night service shortages; and
- increases in allegations of illegal taxi licence sub-leasing.

These concerns confirm the need for flexibility in the provision of passenger transport services to meet community needs and expectations.

1.2 Consultation

A comprehensive consultation process was undertaken following the release of the Review Position Paper. Briefings were held throughout the Northern Territory including 20 information sessions with industry representatives and other key stakeholders in November and December 2014. A public survey was also conducted to ascertain the views of consumers, industry representatives and other stakeholders.

There was a significant response to the consultation process with 138 submissions received along with 396 responses to the survey. The following is a summary of that response.

Of the 25 recommendations, 20 received clear support. These related to:

- addressing service quality for people living with disabilities;
- the application of one license fee to those having similar market access;
- improving the standards of operators within the industry;
- addressing the issue of unacceptable behaviour of some customers;
- improving infrastructure at ranks and safety systems within vehicles;
- use of the Australian Consumer Price Index (CPI) to set taxi fares;
- improving consultation with industry and the travelling public; and
specific arrangements for the application of prepayment of taxi fares.

Several recommendations received support and opposition equally. These related to:
- the potential use of point-to-point ridesharing services;
- creating an unrestricted taxi industry;
- combining taxis and minibuses into the same CPV category; and
- deregulating the Courtesy Vehicle Category.

The issue of the potential removal of the cap on taxi licence numbers elicited polarised views from within the taxi industry. Drivers support the removal of the cap and operators do not.

The consultation process resulted in an additional 136 recommendations submitted for consideration. Of these, 65 recommendations complemented the original recommendations, suggested changes to operational requirements, or raised questions that were worthy of further examination in the Review.

The remaining recommendations were not further considered for one or more of the following reasons.
- The recommendation did not represent a majority view.
- The suggested process would increase red tape and/or be anti-competitive.
- The scope of the recommendation was outside the scope of the Review and the Department of Transport’s responsibilities.
- The recommendation may result in unsafe practices.
- The issue was adequately addressed by the original recommendations.
- The recommended direction would provide an unnecessarily complex regulatory model.

1.3 Industry Reform Package

The reforms outlined in this Report have been developed as an overall package with a number of key elements. As a package, the success of each element is dependent on the success of other key elements. The reforms require legislative amendments and policy, systems and administrative changes. The reform package will result in long-term benefits to the community, the CPV industry and other stakeholders. A number of reforms will be delivered in the near future with the remaining reforms phased in over time.

Successful implementation of the reform package requires that system, administrative and policy changes must be undertaken in conjunction with the necessary legislative and regulatory changes. Reforms that do not require legislative change can be implemented in a logical and strategic order. Where relevant, further discussion with industry and consumer representatives will finalise operational and administrative processes in delivering the reforms.

Physical and human capital improvements are required to move towards a modern, safe and innovative CPV industry. Adequate resourcing of reform implementation is required for effective and sustainable reform.

1.4 Summary

The need for regulatory reform within the CPV industry in the Northern Territory is widely accepted. Research and consultation overwhelmingly supports the conclusion that the CPV industry in the Northern Territory is over-regulated, restrictive, and insufficiently customer-focused.

Creating a culture of customer-focus in the CPV industry remains the key challenge for the future. The decisions presented within this Report focus on achieving this objective.

The safety of all passengers, particularly those who are more vulnerable, and drivers, was fundamental to the Review process. The decisions presented within this Report have a clear safety focus. Strategies include:
- public education campaigns;
- improving infrastructure within vehicles and at ranks;
- strengthened entry and retention criteria for industry;
- an improved complaint management system; and
- clear statements of rights and obligations and service delivery standards for the industry.

Education will be a significant part of enforcement and will assist industry to better understand both its obligations and the potential consequences of non-compliance or poor service quality. Passengers also need to understand the consequences of unacceptable behaviour. This will be addressed by a ‘Respect your Driver’ education campaign.

Government decisions presented in this Report will deliver the Review goals of a high quality, safe and responsive CPV industry. This will be achieved by providing a contemporary regulatory approach, supporting industry investment and growth, imposing minimal regulatory burden and recognising the priority and needs of passengers by:
- having customer service as the primary focus;
- enhancing the safety of both passengers and drivers;
- encouraging an industry in which quality people provide quality services;
- minimising red tape where safety is not compromised;
adopting a co-regulatory approach in which industry takes a more active role in self-regulation;

providing a rigorous standards-based accreditation framework that includes key performance indicators (KPIs); and

providing a credible enforcement presence.

Achieving improvements in the CPV industry will require adopting the comprehensive and integrated package of measures detailed in this Report and dedicating the required resources, both physical and financial, over a sustained period.

1.5 Government Decisions

An overview of the Northern Territory Government’s decisions is provided below.

Quality Service and Quality People

- Develop an enhanced and expanded Code of Conduct
- Enhance training for taxi and minibus drivers and introduce mandatory operator training
- Regulate for mandatory taxi network membership
- Increase powers and responsibilities of networks, operators and drivers
- Introduce an annual mystery shopper program
- Introduce a Territory-wide driver award program

Safety

- Improve in-car security cameras
- Introduce an annual education campaign such as ‘Respect your Driver’
- Investigate options on providing a security presence at high use ranks when required and work with industry on investigating options for marshals at high use ranks such as the airport and city.

Quality Infrastructure

- Upgrade taxi and minibus rank infrastructure
- Introduce network and fleet livery standardisation

Industry Engagement

- Remove the requirement for the CPV Board
- Continue and expand industry forums

Open and Competitive Industry

- Maintain the cap on taxi licences in Darwin and Alice Springs for the next 12 months with a view to increasing or removing the cap in the future
- Release 13 taxi licences in Darwin on hold since the commencement of the CPV review through a ballot
- No taxi cap will be introduced in regional areas

Regulatory Complexity

- Amend the Commercial Passenger (Road) Transport Act to replace the current 9 categories of licence with 5 categories, namely Bus, Taxi, Minibus, Private Hire and Charter.
- Regulate that vehicles within each category will have similar market access and will pay the same annual licence fee.
- Amend regulations to reflect the fact that Courtesy Vehicles will no longer be regulated as a CPV category. Drivers will be required to hold a current CPV identification card.
- Develop a single body of regulations to simplify the current complex system.

Resourcing CPV Reform (Fares and Fees)

- Adopt a new taxi fare setting methodology based on the Australian Consumer Price Index.
- Review taxi fares annually.
- Mandatory prepaid taxi fares will be introduced at selected locations, between 10 pm and 5 am Friday and Saturday nights. Airport pickups are excluded. This strategy will be supported by appropriate infrastructure including signage and a public education campaign.

Additional Recommendations

- Expand the on-line payment system to include additional CPV transactions
- Expand the Lift Incentive Scheme to all Territory residents permanently reliant on a wheelchair or mobility
- Reduce electronic payment surcharges to a maximum of 5% (inclusive of GST)