

# Department of State Growth

Salamanca Building, Parliament Square  
4 Salamanca Place, Hobart TAS 7000  
GPO Box 536, Hobart TAS 7001 Australia  
Phone 1800 030 688 Fax (03) 6173 0287  
Email [info@stategrowth.tas.gov.au](mailto:info@stategrowth.tas.gov.au) Web [www.stategrowth.tas.gov.au](http://www.stategrowth.tas.gov.au)



Mr Chris Lock  
Director  
Office of the Tasmanian Economic Regulator

By email: [office@economicregulator.tas.gov.au](mailto:office@economicregulator.tas.gov.au)

Dear Mr Lock

In December 2020, changes were made to the *Taxi and Hire Vehicle Industries Act 2008*. These changes are designed to promote safety, increase competition and consumer choice, provide for the delivery of services, accommodate new technologies and, where appropriate, reduce the regulatory burden on industry. One of the changes is to require the Tasmanian Economic Regulator to set reserve prices for owner-operator taxi licences commencing in December 2021.

The Department of State Growth appreciates the Tasmanian Economic Regulator providing the opportunity to make comment on the 2021 Owner-Operator Taxi Licence Reserve Price Investigation Issues Paper. State Growth notes that the Regulator has posed a number of questions to elucidate and guide feedback from stakeholders, however, State Growth notes that many of the questions are more relevant to industry than to State Growth or to the Transport Commission as industry regulator. Therefore, this submission will instead provide an overview of State Growth's views on a number of specific issues rather than answering questions posed in the Issues Paper.

### *The importance of OOTLs having a meaningful value*

While State Growth does not support an arrangement by which OOTL reserve prices could underpin economic rents, from an industry regulatory perspective, there is potential benefit in OOTLs having a reserve price sufficiently above zero as to be meaningful. This is because the threat of cancellation would have some impact. If an owner-operator can have their licence cancelled, and that licence has some worth, this is likely to provide a regulator with a useful tool by which compliant behaviour can be influenced. This, in turn, is likely to improve safety and quality of service for passengers using taxi services.

There are likely to be other potential benefits in OOTLs continuing to have a meaningful value. If there was no meaningful reserve price, there may be a danger that some new entrants lack a longer-term commitment to the industry and that significant numbers of new operators may cycle through the industry in a way that is detrimental to the industry and to customers. Additionally, the absence of a sufficient investment in a licence may result in reduced customer service per licence issued in regional areas. A reserve price needs to be high enough to provide an incentive for an owner-operator to provide appropriate hours of service.

## *Review of Perth/Launceston Taxi Areas*

State Growth notes that the overlap between the Perth and Launceston taxi areas is being considered in the implementation of the On Demand Review findings. State Growth will consult with industry on the implementation in the near future. State Growth considers that the Regulator should assume current boundaries for the purposes of making this determination.

### *Cessation of the annual administration fee*

The taxi licence annual administration fee has been a means for the Transport Commission to understand the number of licences actually being operated. Up until recently, when licences were not used, the fee was not paid, the licence would lapse, and the taxi plate would be recalled by the Commission. However, the fee has not been collected by government in two years and therefore no unused licences have lapsed due to an unpaid annual administration fee. This means that data may overstate the number of licences being used. Given the coincident impacts of the COVID-19 pandemic, it is likely that a number of licences have ceased to be used to provide a service.

State Growth notes that due to the on-demand reforms, the annual administration licence fee will no longer be payable by holders or operators of taxi licences, so there will be an ongoing issue in knowing how many licences are actually in use at any time.

Please contact Babette Moate, Director Passenger Transport, by email at [babette.moate@stategrowth.tas.gov.au](mailto:babette.moate@stategrowth.tas.gov.au) or telephone on (03) 6166 3332 for more information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Gary Swain', written in a cursive style.

Gary Swain  
**Deputy Secretary, Transport and Infrastructure**

23 August 2021